AR88

This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection at the general office of the Exchange.

LISTING STATEMENT No. 2278

LISTED DECEMBER 5, 1967
1,302,844 Common Shares without par value of which 441,690 Shares are subject to issuance.
Stock Symbol "HVY".
Dial Quotation No. 1955.
Post Section 9.5.

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

HARVEY'S FOODS LIMITED

Incorporated under the Laws of the Province of Ontario
by Letters Patent dated February 25, 1959.

CAPITALIZATION AS AT OCTOBER 30, 1967
(after giving effect to the issuance of 107,644 common shares pursuant to the rights offering to shareholders of record October 30, 1967)

	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
SHARE CAPITAL			
First Preference Shares — par value $50, issuable in series	50,000 shs.		
5½% Cumulative Redeemable First Preference Shares — Series A		10,000 shs.	NIL
Non-Voting Convertible Second Preference Shares — par value $1 each	10,400 shs.	10,400 shs.	NIL
Common Shares without par value	2,000,000 shs.	861,154 shs.	1,302,844 shs.*
* of which 441,690 shares are subject to issuance			
FUNDED DEBT			
Mortgages payable	—	$2,361,632	NIL
Debentures			
7½% Sinking Fund Debentures Series A, due April 15, 1974	$100,000	$ 84,000	NIL
7½% Serial Debentures, Series C due $20,000 on the last day of each month	$900,000	$ 840,000	NIL

November 3rd, 1967

1. APPLICATION

HARVEY'S FOODS LIMITED ("Harvey's" or the "Company") hereby makes application for listing on The Toronto Stock Exchange of 1,302,844 common shares without par value in the capital stock of the Company of which 861,154 were issued and outstanding or to be outstanding pursuant to the rights offering to shareholders of record October 30, 1967 as fully paid and non-assessable at October 30, 1967. The remaining 441,690 common shares included in this application were then subject to issuance as follows:

On the exercise of share purchase warrants (1964)	46,690
On the exercise of share purchase warrants, Series 2 (1967)	130,000
On the exercise of employee stock option	5,000
On the conversion of non-voting convertible second preference shares	260,000
	441,690

2. HISTORY

The Company was incorporated as a private company, Harvey's Drive-In Limited, in 1959. In January, 1964 the Company became a public company, adopted the present name, sub-divided the then issued common shares and increased the authorized capital.

In June 1967 the Company expanded its business by purchasing the net assets of Swiss Chalet Bar-B-Q Limited and the shares of Chalet Farms Limited. Both companies were owned by Mr. R. C. W. Mauran, Chairman of the Board of the Company. Refer to page 3 of the Company's Information Circular dated November 1, 1967, (the "Circular") under the subtitle "Swiss Chalet Acquisition", for details of this transaction.

3. NATURE OF BUSINESS

Refer to the Circular on page 3 under the title "The Company" and on pages 5 to 7 under the titles "Swiss Chalet Bar-B-Q Inc." and "Operations" for a description of the nature of the business conducted by the Company.

4. INCORPORATION

The Company was incorporated under the laws of the Province of Ontario by letters patent dated February 25, 1959. On January 31, 1964 supplementary letters patent were issued changing the name of the Company, converting the Company into a public company, extending the Company's objects and changing its capital by sub-dividing the then 1,000 issued common shares into 220,000 common shares and increasing the authorized capital to 15,000 6% non-voting non-cumulative redeemable preferred shares $10 par and 1,000,000 common shares without par value. On August 17, 1967 supplementary letters patent were issued creating the first preference shares and non-voting convertible second preference shares, cancelling the then existing 6% non-voting non-cumulative redeemable preferred shares and increasing the authorized common shares to 2,000,000 shares without normal or par value.

5. SHARES ISSUED SINCE INCORPORATION OF THE COMPANY

Refer to Schedule 1 attached hereto.

6. STOCK PROVISIONS AND VOTING POWERS

Refer to the Circular on pages 16 to 20 under the titles "First Preference Shares", "Non-Voting Convertible Second Preference Shares" and "Common Shares" for a summary of the rights, preferences, conversion and other privileges and priorities of the First Preference Shares, Non-Voting Convertible Second Preference Shares and Common Shares of the Company.

7. DIVIDEND RECORD

6% Non-Voting Non-Cumulative Redeemable Preference Shares

These shares have been redeemed, cancelled and none now are outstanding. Dividends have been paid on these shares as follows:

Year Ended March 31	Aggregate Amount Paid
1963	$ 343
1964	1,022
1965	2,352
1966	2,686
1967	2,426

No dividends were paid prior to the year ended March 31, 1963 as the Company then had no surplus. The Company has no liability for past dividends.

5½% Cumulative Redeemable First Preference Shares, Series A

No dividends have yet been paid on these shares. It is anticipated that the initial dividend covering the period from the date of issue to December 31, 1967 will be paid January 1, 1968.

Common Shares

The Company has not paid any dividend on its common shares.

8. DESCRIPTION OF PROPERTIES OWNED OR LEASED

Refer to Schedule 2 attached hereto.

9. SUBSIDIARY COMPANIES

Harvey's Foods Inc. was incorporated under the laws of the State of Delaware on July 10, 1964 with an authorized capital of 100 5% non-cumulative preferred shares — $100 par and 200 common shares $100 par. Three common shares have been issued and are owned by the Company. This Company is inactive.

Chalet Farms Limited was incorporated by letters patent issued by the Province of Ontario, November 16, 1964, with an authorized capital of 3,600 6% non-cumulative, redeemable preference shares — $10 par and 4,000 common shares without par value. 100 Common shares have been issued for a consideration of $100 and are owned by the Company. The Company operates a federally inspected chicken processing plant which delivers daily to the Swiss Chalet restaurants chickens grown to the Company's specification and also sells a substantial volume of chickens to supermarkets and other users.

10. FUNDED DEBT

Refer to the Circular on page 12 under the titles "Mortgages Payable" and "Debentures" for details of the funded debt of the Company.

11. OPTIONS, UNDERWRITINGS, ETC.

The following common shares of the Company were reserved for issuance at October 30, 1967:

On the exercise of share purchase warrants (1964)	46,690
On the exercise of share purchase warrants (1967)	130,000
On the exercise of employee stock option	5,000
On the conversion of non-voting convertible second preference shares	260,000
	441,690

Refer to page 20 of the Circular under the title "Securities Under Option" for details of these options and to page 10 under the title "Underwriting" for particulars of the outstanding underwriting agreement dated October 4, 1967.

There are no issued shares of the Company held for the benefit of the Company.

No securities of the Company are, to the knowledge of the Company held in escrow.

12. LISTING ON OTHER STOCK EXCHANGES

There are no securities of the Company listed on any other stock exchange.

13. STATUS UNDER SECURITIES ACTS

A prospectus dated March 30, 1964 relating to the offering of $100,000 7% Sinking Fund Debentures, Series A entitled to Share Purchase Warrants (1964) and 80,000 Common Shares of the Company was accepted for filing by the Ontario Securities Commission and the Quebec Securities Commission.

A prospectus dated January 27, 1967 relating to the offering of 200,000 common shares of the Company was accepted for filing by the Ontario Securities Commission, the British Columbia Securities Commission, the Alberta Securities Commission, the Saskatchewan Securities Commission, the Quebec Securities Commission and The Winnipeg Stock Exchange.

An information circular dated May 9, 1967 containing information on certain matters (including the purchase of the net assets of Swiss Chalet Bar-B-Q Limited and the shares of Chalet Farms Limited) to be voted upon at the annual and special general meeting held on May 23, 1967 was filed with the Ontario Securities Commission.

An information circular dated November 1, 1967 containing information on the offering of 107,644 common shares of the Company pursuant to the rights offering to shareholders of record October 30, 1967 was filed with the Ontario Securities Commission, the British Columbia Securities Commission, the Alberta Securities Commission, the Saskatchewan Securities Commission, The Public Utilities Board, (Manitoba) and the Quebec Securities Commission. No objection to the material filed has been received from any of the above regulatory bodies.

14. FISCAL YEAR

The fiscal year of the Company ends on March 31 in each year.

15. ANNUAL MEETINGS

The By-Laws of the Company provide that the annual meeting of the Company shall be held at the head office of the Company or at such other place in Ontario at such date in each year as the Board of Directors may determine from time to time. The last annual meeting of the shareholders of the Company was held in Toronto on May 23, 1967.

16. HEAD AND OTHER OFFICES

The head office of the Company is located at 238 Bloor Street West, Toronto. The Company has no other Offices.

17. TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar of the Company is The Canada Trust Company at 631 Dorchester Boulevard West, Montreal and 110 Yonge Street, Toronto. The Canada Trust Company also acts as Trustees for the Company's debentures and share purchase warrants.

18. TRANSFER FEE

No fee is charged on stock transfers other than the customary Government stock transfer taxes.

19. AUDITORS

The auditors of the Company are McDonald Currie and Co., Chartered Accountants, 120 Adelaide Street West, Toronto.

20. OFFICERS AND DIRECTORS

Refer to page 7 of the Circular under the title "Management" for the name, address and occupation during the past five years of each officer and director of the Company.

21. PRINCIPAL SHAREHOLDERS

The principal shareholders of the Company are R. C. W. Mauran and G. B. Sukornyk who directly and indirectly beneficially owned 7.7% and 14.3% respectively of all the issued and outstanding common shares of the Company at October 30, 1967. Assuming the issuance of all the common shares of the Company presently under option, R. C. W. Mauran would own 37.5% of the then outstanding common shares of the Company and G. B. Sukornyk 9.0%.

To the knowledge of the Company, no other person or company owns more than 10% of the issued and outstanding common shares.

Pursuant to the resolution duly passed by its Board of Directors, Harvey's Foods Limited hereby applies for listing of the above mentioned securities on The Toronto Stock Exchange and the undersigned officers hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

HARVEY'S FOODS LIMITED

Corporate Seal

Per: "G. B. SUKORNYK",
President.

"E. KOZAK",
Secretary.

CERTIFICATE OF UNDERWRITER

To the best of our knowledge, information and belief, all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

MIDLAND-OSLER SECURITIES LIMITED

Per: "R. G. McCULLOCH",
Director.

"J. T. SKELLY",
Director.

DISTRIBUTION OF COMMON STOCK AS OF OCTOBER 30TH, 1967

Number								Shares
64	Holders of	1	—	24	share	lots	.....	707
156	" "	25	—	99	"	"	.....	7,345
219	" "	100	—	199	"	"	.....	23,814
119	" "	200	—	299	"	"	.....	25,276
34	" "	300	—	399	"	"	.....	10,610
22	" "	400	—	499	"	"	.....	8,890
67	" "	500	—	999	"	"	.....	38,294
88	" "	1000	—	up	"	"	.....	638,574
769	Shareholders						Total shares	753,510

HARVEY'S FOODS LIMITED

Schedule 2 of the Listing Application.

DESCRIPTION OF PROPERTIES OWNED OR LEASED

LOCATION	LOT & PLAN	LOT SIZE	OWNED/LEASED
1) 9471 Yonge St. Richvale, Ont.	Lots 6 & 7 Plan 4342 Township of Markham	179′ x 192′ 11½″	Owned
2) 650 Lakeshore Rd. E. Port Credit, Ont.	Pt. of Lot 3, All of Lot 4 & Pt. of Lots 22, 23, 24, Plan A26, Twp. of Toronto	128′ 11½″ x 125′	Owned
3) 1014 Barton St. E. Hamilton, Ont.	Lots 5, 6, 7, Plan 378 Hamilton	90.84′ x 100′	Owned
4) 797 Richmond Rd. Ottawa, Ont.	Pt. of Lots 26 & 27 Conc. 1 (O.F.) Twp. of Nepean (now City of Ottawa)	110′ x 113′	Owned
5) 3520 Danforth Ave. Scarborough, Ont.	Lots 13, 14, 15, 16 & 17, Plan 1808, Twp. of Scarb. except Sthly 10′ of lots 16 & 17	240′ x 99.5′	Owned
6) 1655 Main St. W. Hamilton, Ont.	Pt. of Lot 55 First Conc. Twp. of Ancaster	100′ x 100′	Owned
7) 805 The Queensway Toronto, Ont.	Pt. of Lot 9 2nd Meridianal Conc. Twp. of Etobicoke	176′ 5″ x 160′	Leased
8) 1791 Avenue Rd. Toronto, Ont.	Pt. of Lot 82, Plan 1706 York	43′ 8″ x 67′ 0½″	Leased
9) 238 Bloor St. W. Toronto, Ont.	Pt. of Lots 2, 3 & 6, Plan 695 Toronto, York	23.07′ x 112′	Owned
10) 3120 Dufferin St. Toronto, Ont.	Pt. of Lot 6, Conc. 3 WYS Twp. of North York	147′ 3″ x 146′ 11″	Leased
11) 2029 Jane St. Toronto, Ont.	All of Lots 25, 113, 134 & 135 Plan M402 L.T.O. Toronto & Pt. of Lot 136-M402 & Lots 23 & 24-M402 L.T.O. Toronto	105′ 5″ x 197.5′	Owned
12) 778 Yonge St. Toronto, Ont.	Pt. of Park Lot 9, Toronto	19′ 6″ x 120′ 10″	Owned
13) 23 Adelaide St. W. Toronto, Ont.	Pt. of Town Lot 3 South Side Adelaide St.	21′ 3¼″ x 91′ 3¼″	Owned
14) 228 Queen St. W. Toronto, Ont.	Pt. of Park Lot 13, Conc. 1 fronting from Bay, Toronto	20′ x 120′	Owned
15) 1500 St. Clair Ave. W. Toronto, Ont.	Pt. of Block 'W' North Side Plan 1269	50′ x 100′	Owned
16) 724 Queenston Rd. Stoney Creek, Ont.	Pt. of Lot 28, Conc. 3 Twp. of Satfleet, Hamilton	96′ x 146′	Leased
17) 34 King St. W. Hamilton, Ont.	Pt. of Block 1, lying north side King St. between McNab & James St., Hamilton	22′ x 84′ 6″	Leased
18) 2839 Lundy's Lane Niagara Falls, Ont.	Lots 4 & 5, Plan No. 54 Twp. of Stamford, Niagara Falls	92′ x 143″	Owned by a subsidiary Harvey's Foods Inc.
19) 639 Main St. Buffalo, New York	No. 63.446 folio No. 4798 Pt. of Outer Lot 139, Buffalo, N.Y.	32′ x 120′	Owned
20) 1339 Bank St. Ottawa, Ont.	N ½ of W½ of lot 18, Gore Junction, Twp. of Gloucester, City of Carlton	100′ x 100′	Owned
21) 660 Montreal Rd. Ottawa, Ont.	W ½ of Lot 25, Conc. 1 Ottawa Front, Twp. of Gloucester	169.2′ x 200′	Owned
22) 7100 Sherbrooke E. Montreal, Quebec	Lots 416, 417, 418, 419 Official Subdivision of Original Lot 327, Parish of Longue Pointe, Quebec	95′ x 112′ 10″	Owned
23) 8725 Pie IX Blvd. Montreal, Quebec	Lots 372, 373, 374, 375, 376, 377 & 378 of subdivision of original Lot 366, Parish of Sault au Recollet, Quebec	224′ x 92′	Owned
24) 1853 St. Catherine W. Montreal, Quebec	Front Pt. of Lot 1656, Official Plan St. Antoine, Ward of City of Montreal	67′ 10″ x 114′	Owned
25) 470 Cure Labelle Labal, Quebec	Lot No. 158-276, Official Plan of Parish of St. Martin	75′ x 124′	Owned
26) 9000 Airlie LaSalle, Quebec	Lot 675 of Original Subdivision 974 of Official Plan of Parish of Lachine	100′ x 114′	Leased
27) 6775 Cote des Neiges Montreal, Quebec	Lot originaire numero soixante-quatorze (74) au cadastre au villege incorpore de la Cote des Neiges	80.4′ x 133.6′	Owned
28) 7505 Lacordaire Montreal, Quebec	Lot numero cent quatre vingt onze de la resubdivision officielle du lot originaire numero quatre cent cingt cinq (425-191-1) au cadastre officielle de laParoisse du Sault au Recollet	110′ x 130′	Owned
29) 3128 Eglinton Ave. E. Toronto, Ontario	Pt. of Lot M, Plan 1098	100′ x 428′ 08″	Owned
30) 23 Notre Dame E. Repentigny, Quebec	Cad. No. P 128-119 and 128-120 Repentigny	150′ x 250′	Owned
31) 2330 Lapiniere Ville Brassard, Quebec	Pt. of Lot 93 Official Plan of Parish of Laprairie	109′ x 196′	Leased

Schedule 2 (Continued)

LOCATION	LOT & PLAN	LOT SIZE	OWNED/LEASED
32) St. Anne's Rd. (at Drouin), Quebec City, Quebec	Lot 61 of Resubdivision of Lot A of Subdivision of Original Lot. No. 708-A-4	82′ x 100′	Owned
33) Christopher-Columb St. and Henri-Bourassa, Montreal, Quebec	Lots 224-17; 224-18, 224-19-1 & 224-20-1, Parish of Sault-au-Recollet	100′ x 94′	Leased
34) 388 Chemin Chambly, Longueuil, Quebec	Subdivision Lot. No. 348, Pt. Lots 67 & 68, Village of Longueuil, Quebec	90.19′ in SE line, 100.5′ in SW line, 85.1′ in NE line along Chambly Rd., 60.87′ in one of NW lines and 40′ in another NW line along DeGentilly St.	Owned
35) 541 St. Joseph Blvd. Hull, Quebec	Lot Nos. 4G-20, 21, 22 & 23, Fifth Range on O. cial Plan & Book of Reference of Twp. of Hull	188′ 3″ width in front, 174′ 6″ width in rear, depth of 100′	Owned
36) SE corner of King and Weber Streets, Waterloo, Ont.	Part Lot 7, German County Tract, City of Waterloo, County of Waterloo, Plan No. 628	Irregular Lot size approx. 321′ x 109.9′ x 100.0′ x 100.0′	Owned
37) South side Rideau St. Ottawa, Ont.	Lot 18, Plan #6, County of Carleton, City of Ottawa	Approx. 151.0′ x 100.0′	Leased (option to purchase)
38) 362 Yonge St. Toronto, Ont.	Pt. Park Lot 9, Conc. 1, Pl. D-4	About 3,800 sq. ft. main floor & basement	Leased
39) 1415 Yonge St. Toronto, Ont.	Pt. Lot 8, Plan 633	Main floor only, approx. 3,200 sq. ft.	Leased
40) 234 Bloor W. 236 Bloor W. Toronto, Ont.		Main floor only, approx. 600 sq. ft. at rear of premises	Leased
41) 2990 Eglinton E. Scarborough, Ont.	Whole Lot 17, E½ Lot 18, Pl. 2431	About 212′ x 200′	Owned
42) 735 Queenston Rd. (Hamilton)	Pt. Lot 28, 2nd Conc. Pl. 133, Miscellaneous	Approx. 200′ x 205′	Owned
43) 1 Bedford Rd. at Bloor W., Toronto, Ont.	Pt. Lots 2, 3 & 6 & all Lots 7, 8 and 9, Pl. 695		Owned
44) Port Perry Ont. (Processing Plant)	Lots 80 to 107 inclusive, Pl. 35	Containing by admeas. 7 3/100 acres	Owned by a subsidiary Chalet Farms Limited
45) 347 Ontario St. St. Catherines, Ont.	Pt. Lot 21 & 22, Conc. 4, Twp. Grantham	134′ x 200′	Owned
46) 170 Labelle Blvd, Rosemere, Que.	Cads. 1352, Lot 52, Subd. 53-52	Approx. 150′ x 100′	Leased
47) 6966 Upper Lachine Rd., Montreal, Que.	Lot Pt. 161 & Pt. 166	Irregular Lot size 100′ x 97.5′	Owned
48) Lafleur & Clement City of Lasalle, Que.	Cad. Lot 595	100′ x 100′	Owned
49) St. Catherines & Aylwin, Montreal, Que.	Lots 29-41, 29-42 & 29-43	80′ x 110′	Leased
50) Mount Royal & St. Andre, Montreal, Que.	Pts. of 9 & 10 original Lot 11	Approx. 46′ x 84′	Owned
51) Masson St. & 15th Ave. Montreal, Que.	Cad. 178 Subdivision 99, 100, 101 & 102	Irregular Lot size approx. 101′ x 114′	Owned

* Each property that is owned has been mortgaged.

Schedule 1 to the listing application

HARVEY'S FOODS LIMITED

SHARES ISSUED

Common Shares Without Par Value

Date	No. of Shares Issued	Amount Realized Per Share	Total Amount Realized	Purpose of Issue
February 25, 1959	3	$ 1.00	$ 3	Incorporators' Shares
February 26, 1959	997	.10	100	Initial Capital
January 31, 1964	The 1,000 then issued common shares were sub-divided into 220,000 common shares.			
April 15, 1964	80,000	1.17	93,600)	
November 23, 1964	25,000	2.00	50,000)	
December 9, 1964	50,000	2.00	100,000)	
December 11, 1964	12,500	2.00	25,000)	
January 13, 1965	2,500	2.00	5,000)	Expansion of the Company's Business
January 26, 1965	1,000	2.00	2,000)	
January 29, 1965	8,500	2.00	17,000)	
March 31, 1965	500	2.00	1,000)	
August 2, 1965	50,200	3.80	190,760)	
March 25, 1966	3,225	2.00	6,450	On exercise of share purchase warrants
August 16, 1966	50	2.00	100	On exercise of share purchase warrants
October 31, 1966	25	2.00	50	On exercise of share purchase warrants
March 15, 1967	175,000	4.00	700,000	Expansion of the Company's Business
May 17, 1967	500	4.00	2,000	On conversion of Series B Debentures
June 5, 1967	1,250	4.00	5,000	On conversion of Series B Debentures
June 26, 1967	478	2.00	956	On exercise of share purchase warrants
July 14, 1967	5,000	2.00	10,000	On exercise of share purchase warrants
July 20, 1967	1,250	4.00	5,000	On conversion of Series B Debentures
October 17, 1967	72,000	4.00	288,000	On conversion of Series B Debentures
October 30, 1967	44,532	2.00	89,064	On exercise of share purchase warrants
November 23, 1967	107,644	10.25	1,103,351	On expansion of the Company's business
TOTAL	861,154		$2,694,434	

Schedule 1 (Continued)

6% Non-voting, Non-cumulative Redeemable Preference Shares — $10 par value

Date	No. of Shares Issued	Amount Realized Per Share	Total Amount Realized	No. of Shares Redeemed	Amount Per Share	Total Amount	Purpose of Issue
		$	$		$	$	
February 28, 1961	137	10	1,370				Repayment of Loans
December 31, 1961	413	10	4,130				Repayment of Loans
October 11, 1962	2,400	10	24,000				Repayment of Loans
December 4, 1962				30	10	300	
January 6, 1963				30	10	300	
February 10, 1963				30	10	300	
March 3, 1963				30	10	300	
April 6, 1963				40	10	400	
May 8, 1963				40	10	400	
June 9, 1963				40	10	400	
July 11, 1963				40	10	400	
August 2, 1963				40	10	400	
September 8, 1963				40	10	400	
October 12, 1963				40	10	400	
November 15, 1963				40	10	400	
December 20, 1963				30	10	300	
January 4, 1964				30	10	300	
February 5, 1964				30	10	300	
March 8, 1964				30	10	300	
April 14, 1964				40	10	400	
May 6, 1964				40	10	400	
May 13, 1964	3,100	10	31,000				Repayment of Loans
June 11, 1964				40	10	400	
July 8, 1964				40	10	400	
August 10, 1964				40	10	400	
September 4, 1964				40	10	400	
October 6, 1964				40	10	400	
November 12, 1964				40	10	400	
December 4, 1964				30	10	300	
January 14, 1965				30	10	300	
February 5, 1965				30	10	300	
March 4, 1965				30	10	300	
April 1, 1965				40	10	400	
May 6, 1965				40	10	400	
June 4, 1965				40	10	400	
July 5, 1965				40	10	400	
August 2, 1965				40	10	400	
September 9, 1965				40	10	400	
October 6, 1965				40	10	400	
November 15, 1965				40	10	400	
December 7, 1965				30	10	300	
January 7, 1966				30	10	300	
February 14, 1966				30	10	300	
March 8, 1966				30	10	300	
April 6, 1966				40	10	400	
May 6, 1966				40	10	400	
June 13, 1966				40	10	400	
July 15, 1966				40	10	400	
August 2, 1966				40	10	400	

Schedule 1 (Continued)

Date	No. of Shares Issued	Amount Realized Per Share	Total Amount Realized	No. of Shares Redeemed	Amount Per Share	Total Amount	Purpose of Issue
September 12, 1966				40	10	400	
November 8, 1966				80	10	800	
December 6, 1966				30	10	300	
January 24, 1967				30	10	300	
February 1, 1967				30	10	300	
March 2, 1967				30	10	300	
April 1, 1967				40	10	400	
May 1, 1967				40	10	400	
June 1, 1967				40	10	400	
June 16, 1967				4,050	10	40,500	
	6,050		60,500	6,050		60,500	

There were no 6% preference shares outstanding at October 30, 1967.

5½% Cumulative Redeemable First Preference Shares, Series A — $50 par value

Date of Issue	No. of Shares Issued	Amount Realized Per Share	Total Amount Realized	Purpose of Issue
		$	$	
August 17, 1967	10,000	50	500,000	Partial consideration for assets of Swiss Chalet Bar-B-Q Limited

Non-voting Convertible Second Preference Shares — $1 par value

Date of Issue	No. of Shares Issued	Amount Realized Per Share	Total Amount Realized	Purpose of Issue
		$	$	
August 17, 1967	10,400	1	10,400	Partial consideration for assets of Swiss Chalet Bar-B-Q Limited

FINANCIAL STATEMENTS

HARVEY'S FOODS LIMITED
AND ITS SUBSIDIARY COMPANIES

UNAUDITED CONSOLIDATED STATEMENT OF EARNINGS
FOR THE FIVE YEARS AND FIVE MONTHS ENDED AUGUST 31, 1967 (note 19)

	Year ended March 31					5 months ended	*5 months ended*
	1963	1964	1965	1966	1967	August 31, 1966	*August 31, 1967*
	$	$	$	$	$	$	$
Franchise operations (note 17)	47,379	169,068	388,765	660,435	1,022,615	397,180	*1,002,597*
Other income (note 18)	38,988	—	—	—	—	—	*47,437*
GROSS INCOME	86,367	169,068	388,765	660,435	1,022,615	397,180	*1,050,034*
EARNINGS — before deducting the following	26,945	80,423	305,664	562,296	873,284	345,234	*1,010,179*
Provision for losses on collection and termination of franchise agreements	1,987	14,156	48,237	74,045	75,138	28,606	*167,593*
Depreciation (note 4)	6,567	9,331	22,285	52,745	98,932	32,269	*93,609*
Interest on long-term debt	5,914	13,154	48,318	77,780	138,984	52,735	*86,995*
Amortization of financing expense	—	872	4,546	10,027	14,758	2,199	*10,222*
	14,468	37,513	123,386	214,597	327,812	115,809	*358,419*
NET EARNINGS BEFORE INCOME TAXES	12,477	42,910	182,278	347,699	545,472	229,525	*652,300*
PROVISION FOR INCOME TAXES (note 12)	2,312	14,660	86,441	171,407	273,257	115,560	*328,529*
NET EARNINGS (note 17)	10,165	28,250	95,837	176,292	272,215	113,965	*323,771*
COMMON SHARES OUTSTANDING AT YEAR END	220,000	220,000	400,000	453,225	628,300	453,225	*636,778*
EARNINGS PER COMMON SHARE (based on number of shares outstanding at the end of the period)	.04	.12	.23	.39	.43	.25	*.51*

HARVEY'S FOODS LIMITED
AND ITS SUBSIDIARY COMPANIES

UNAUDITED CONSOLIDATED BALANCE SHEET
AND PRO FORMA CONSOLIDATED BALANCE SHEET AS AT AUGUST 31, 1967

ASSETS

	Actual $	Pro Forma (note 2) $
CURRENT ASSETS		
Cash	135,365	825,196
Accounts receivable	250,906	250,906
Chattel mortgages and notes receivable — current portion	182,704	182,704
Food inventory and supplies	41,855	41,855
Prepaid expenses	34,990	34,990
	645,820	1,335,651
CHATTEL MORTGAGES AND NOTES RECEIVABLE (note 3)	1,337,849	1,337,849
Less — provision	381,156	381,156
	956,693	956,693
Less — current portion	182,704	182,704
	773,989	773,989
FIXED ASSETS		
Land — at cost	2,040,610	2,040,610
Buildings, parking lots and equipment — at cost, less accumulated depreciation (note 4)	4,002,909	4,000,909
Leasehold improvements — at cost, less amortization	207,016	207,016
	6,250,535	6,250,535
OTHER ASSETS		
Financing expense at cost — less amortization	126,488	142,533
Trademark at cost — less amount written off	60,000	60,000
Excess of cost of shares over book value of assets acquired of subsidiary company	165,833	165,833
	352,321	368,366
	8,022,665	8,728,541

LIABILITIES

	$	$
CURRENT LIABILITIES		
Bank loan (note 5)	351,553	91,553
Accounts payable and accrued charges	321,230	321,230
Income taxes payable	166,564	166,564
Long-term liabilities — current portion	775,607	775,607
Due to Swiss Chalet Bar-B-Q Limited	210,546	—
	1,825,500	1,354,954
LONG-TERM LIABILITIES		
Mortgages payable (note 6)	2,462,235	2,462,235
Due on equipment (note 7)	161,825	161,825
7½% sinking fund debenture, series A (note 8)	84,000	84,000
7½% serial debentures, series C (note 9)	860,000	860,000
	3,568,060	3,568,060
Less — current portion	775,607	775,607
	2,792,453	2,792,453
Buildings under construction (note 10)	20,853	20,853
7½% convertible sinking fund debentures, series B (note 11)	288,000	—
	3,101,306	2,813,306
DEFERRED INCOME TAXES (note 12)	542,700	542,700

SIGNED ON BEHALF OF THE BOARD

"R. C. W. MAURAN",
Director.

"G. B. SUKORNYK",
Director.

HARVEY'S FOODS LIMITED
AND ITS SUBSIDIARY COMPANY

UNAUDITED CONSOLIDATED BALANCE SHEET
AND PRO FORMA CONSOLIDATED BALANCE SHEET AS AT AUGUST 31, 1967

SHAREHOLDERS' EQUITY

	Actual	Pro Forma (note 2)
	$	$
CAPITAL STOCK (notes 1, 2 and 13)		
Authorized —		
50,000 first preference shares, with a par value of $50 each, issuable in series		
10,400 non-voting convertible second preference shares, with a par value of $1 each		
2,000,000 common shares without par value		
Issued and fully paid —		
10,000 5½% cumulative redeemable first preference shares, series A	500,000	500,000
10,400 second preference shares	10,400	10,400
636,778 common shares (pro forma 855,746)	1,213,259	2,677,681
	1,723,659	3,188,081
RETAINED EARNINGS	829,500	829,500
	2,553,159	4,017,581
	8,022,665	8,728,541

UNAUDITED CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS
FOR THE FIVE MONTHS ENDED AUGUST 31, 1967

	$
SOURCE OF FUNDS	
Net earnings for the period	323,771
Add: Charges not requiring an outlay of funds —	
Depreciation and amortization	103,831
Provision for losses on collection and termination of franchise agreements	167,593
Deferred income taxes	242,200
	837,395
Proceeds from issue of first preference shares, second preference shares and common shares	533,356
Increase in long-term liabilities (net)	1,143,361
	2,514,112
USE OF FUNDS	
Additions to fixed assets	2,936,751
Increase in share and debt issue expenses	14,516
Redemption of preference shares	41,700
Dividends	6,681
Increase in chattel mortgages and notes receivable	508,030
Excess of cost of shares over book value of assets acquired of subsidiary company	165,833
Trade-mark	120,000
	3,793,511
DECREASE IN WORKING CAPITAL	1,279,399
WORKING CAPITAL AT BEGINNING OF PERIOD	99,719
Decrease in working capital	1,279,399
DEFICIENCY IN WORKING CAPITAL AT END OF PERIOD	1,179,680

HARVEY'S FOODS LIMITED
AND ITS SUBSIDIARY COMPANIES

UNAUDITED CONSOLIDATED STATEMENT OF RETAINED EARNINGS
FOR THE FIVE YEARS AND FIVE MONTHS ENDED AUGUST 31, 1967

	Year ended March 31					5 months ended
	1963	1964	1965	1966	1967	August 31, 1967
	$	$	$	$	$	$
BALANCE — BEGINNING OF PERIOD	(2,970)	6,802	34,030	127,515	301,121	570,910
Portion of cost of trade-mark written off	—	—	—	—	—	(60,000)
Contributed surplus	—	—	—	—	—	1,500
Net earnings for the period	10,165	28,250	95,837	176,292	272,215	323,771
	7,195	35,052	129,867	303,807	573,336	836,181
Dividends paid on preference shares	393	1,022	2,352	2,686	2,426	6,681
BALANCE — END OF PERIOD	6,802	34,030	127,515	301,121	570,910	829,500

HARVEY'S FOODS LIMITED
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE UNAUDITED CONSOLIDATED BALANCE SHEET AND UNAUDITED CONSOLIDATED PRO FORMA BALANCE SHEET AS AT AUGUST 31, 1967 AND TO THE UNAUDITED CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS FOR THE FIVE YEARS AND FIVE MONTHS ENDED AUGUST 31, 1967

1. The Company has obtained supplementary letters patent dated August 17, 1967 giving effect to an increase in authorized common shares from 1,000,000 to 2,000,000 shares; the authorization of 50,000 first preference shares with a par value of $50 each, issuable in series, of which 10,000 are designated 5½% cumulative redeemable first preference shares, series A; and the authorization of 10,400 non-voting convertible second preference shares with a par value of $1 each and cancellation of the existing authorized 9,450 6% preference shares with a par value of $10 each.

2. The pro forma balance sheet gives effect as at August 31, 1967 to the following transactions:

   (a) The assumed conversion of $288,000, 7½% series B convertible sinking fund debentures into 72,000 common shares without par value.

   (b) The assumed exercise of 40,000 share purchase warrants at $2 per share for an aggregate consideration of $80,000.

   (c) Following the offer to shareholders to purchase 1 common share without par value of $10.25, for each 7 common shares held after giving effect to the transactions in (a) and (b) above, it is assumed that 106,968 share purchase rights will be exercised for an aggregate consideration of $1,096,422.

   (d) The payment of a commission to the underwriters in the amount of $16,045 in respect of (c) above.

   (e) The repayment of bank indebtedness in the amount of $260,000.

   (f) The repayment of the balance outstanding to Swiss Chalet Bar-B-Q Limited of $210,546 which includes 40,000, 7½% serial debentures, series C.

   (g) The addition of the balance amounting to $689,831 to the general funds of the company; and

   (h) The charging of the commission in (d) above to financing expense.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIVE MONTHS ENDED AUGUST 31, 1967

3. CHATTEL MORTGAGES AND NOTES RECEIVABLE

   (a) The chattel mortgages and notes receivable represent the balances due from franchise operators in respect of the purchase of franchise rights. These mortgages and notes are amortized over a 5 to 15 year period by monthly repayments of principal and interest at 7% to 9% per annum.

   (b) A provision of 30% of the amount outstanding has been made to cover possible losses on collection and termination of franchise agreements. The Company has experienced no losses to date.

4. FIXED ASSETS

   (a) Buildings, parking lots, equipment and accumulated depreciation thereon is made up of the following:

	Cost $	Accumulated depreciated $	Net $
Buildings	2,606,662	123,880	2,482,782
Parking lots	85,095	9,327	75,768
Equipment	1,611,145	166,786	1,444,359
	4,302,902	299,993	4,002,909

   (b) The following rates of depreciation are used by the Company:

Buildings	5% reducing balance
Parking lots	4% reducing balance
Equipment	10%, 15% and 20% reducing balance
Leasehold improvements	Straight line over term of lease

5. BANK LOAN

   The bank loan is secured by a floating charge debenture up to a maximum of $500,000.

(Continued)

HARVEY'S FOODS LIMITED

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIVE MONTHS ENDED AUGUST 31, 1967

6. MORTGAGES PAYBLE

	Due between one and five years $	Due between five and ten years $	Due after ten years $	Total $
First mortgages — 6% to 9.2%	1,062,870	534,582	514,443	2,111,895
Second mortgages — 7% to 12%	102,413	200,911	26,407	329,731
Third mortgages — 6½% to 7%	3,727	5,131	11,751	20,609
	1,169,010	740,624	552,601	2,462,235

7. DUE ON EQUIPMENT

This amount is due to suppliers of equipment whose accounts are, by arrangement, payable monthly over varying periods of up to three years. Interest is charged on certain accounts at rates varying from 6 to 8% per annum which is added to the principal amount. Some of these accounts are secured by conditional sales contracts.

8. 7½% SINKING FUND DEBENTURES, SERIES A

These debentures mature on April 15, 1974, and are redeemable at the principal amount thereof plus a premium of 7% on or before April 15, 1967 and thereafter the said premium reduces by 1% for each year commenced or elapsed after April 15, 1967.

By the terms of the Debenture Trust Deed the Company is required to establish a sinking fund sufficient to to retire $10,000 principal annually on April 15, 1968 to 1973 both inclusive. $6,000 principal amount of the debentures have been purchased and applied towards the April 15, 1968 payment.

By the terms of a supplement to the Debenture Trust Deed dated June 16, 1967, the interest rate was increased to 7½%.

9. 7½% SERIAL DEBENTURES, SERIES C

These debentures mature serially at the rate of $20,000 on the last day of each month and are redeemable at par at the Company's option on the last day of any month without prior notice. The original principal amount was $900,000 and redemptions were made on July 31 and August 31, 1967.

10. BUILDINGS UNDER CONSTRUCTION

(a) It is the company's practice to obtain long-term mortgages on buildings after completion, and for this reason the amounts owing of $20,853 in this respect are classified under long-term liabilities.

(b) At August 31, 1967, the Company is further committed under construction contracts to the extent of approximately $65,000.

11. 7½% CONVERTIBLE SINKING FUND DEBENTURES, SERIES B

These debentures have been called for redemption on October 17, 1967 at a price of $105 per $100 principal amount. They are convertible into common shares at a price of $4 per common shares and in view of the present market price of the common shares, full conversion has been assumed and no provision has been made for payment on redemption.

12. DEFERRED INCOME TAXES

Deferred income taxes arise from (a) claiming depreciation and amortization for income tax purposes in excess of that recorded in the accounts of the company and (b) taking into income the total profit on the sale of franchises in the year in which sold whereas for income tax purposes these profits are computed as cash is received in settlement. The effect of the above is to reduce the income taxes payable in respect of the period by $242,200 which together with similar amounts arising in earlier years amount in total to $542,700. These taxes may be payable in future years when income for tax purposes is more than that recorded in the accounts.

13. CAPITAL STOCK

(a) During the period the following shares were issued:

(i) 5,478 common shares upon exercise of share purchase warrants in consideration of $10,956 ($2 per share) in cash.

(ii) 3,000 common shares upon conversion of $12,000 7% convertible sinking fund debentures, series B.

(iii) 10,000 5½% cumulative redeemable first preference shares, series A with a par value of $50 each as part of the consideration for the purchase of the assets of Swiss Chalet Bar-B-Q Limited.

(iv) 10,400 non-voting convertible second preference shares with a par value of $1 each as part of the consideration for the purchase of restaurant equipment of Swiss Chalet Bar-B-Q Limited. Dividend rights on these shares have been waived.

HARVEY'S FOODS LIMITED
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIVE MONTHS ENDED AUGUST 31, 1967

13. CAPITAL STOCK (Continued)

(b)

(i) Of the 100,000 share purchase warrants originally issued, 91,222 remained unexercised at August 31, 1967. These warrants entitle the holders thereof to purchase common shares at $2 per share on or before April 15, 1969 or thereafter at $4 per share on or before April 15, 1974.

(ii) The 130,000 share purchase warrants, series 2 (1967) entitle the holders thereof to purchase common shares at $7.50 per share on or before May 15, 1977.

(c) 5,000 common shares are reserved for issuance upon exercise at $5 per share of an employee's stock option which expires May 2, 1976.

(d) During the period 4,170 6% non-voting, non-cumulative, preference shares of $10 each were redeemed at par and cancelled.

(e) The 5½% cumulative redeemable first preference shares, series A are redeemable at $52.50 per share on or before January 31, 1970 and thereafter at a price declining 50¢ annually to par on January 31, 1975. The Company is required to establish a sinking fund to redeem at par, 1,000 shares on April 30 and October 31 for each year, commencing October 30, 1973 until the issue is fully redeemed.

(f) The 10,400 non-voting convertible second preference shares with a par value of $1 are dividend paying. When the consolidated net earnings of the Company before income taxes and additional compensation, in any year exceed the datum level set out below, 1 second preference share will be convertible into 25 common shares for each $100 of excess earnings. Such conversion may only take place between June 30 and September 30, following the completion of the fiscal year in which the conversion privilege was earned, provided that no more than 2,000 second preference shares may be converted in any one period. Any exercisable conversion rights will be carried forward into subsequent years. The conversion rights will be adjusted in the case of any stock splits, stock dividends or the issue of any common shares for less than $7.50.

The datum level is set out below for the respective fiscal years ending March 31:

1968	1969	1970	1971	1972	1973
$	$	$	$	$	$
900,000	1,100,000	1,300,000	1,500,000	1,700,000	1,900,000

After 1973, the datum level remains at $1,900,000.

14. LEASES

The Company holds leases of 7 to 25 years' duration on eleven properties at a net annual rental of approximately $117,054, each of which is sublet to a franchise operator. The Company has the option to purchase five of these properties.

15. EVENTS SUBSEQUENT TO AUGUST 31, 1967

The Company has given notice that it intends to exercise its option to transfer certain land, buildings and equipment of Chalet Farms Limited having the net book value of approximately $65,000, and no longer required for operations, to the original owner together with a cash payment of $10,000 for consideration of the cancellation of an existing mortgage on the properties in the amount of $77,928.

16. OPTION TO PURCHASE

The Company has an option to purchase 60% of the shares of Swiss Chalet Bar-B-Q Inc. for 100,000 common shares without par value plus the payment of $100,000 in cash or $600,000 in cash plus 100,000 series 2 (1967) share purchase warrants. The option expires May 30, 1970 but notice of exercise must be given by May 30, 1969. The method of payment for these shares of Swiss Chalet Bar-B-Q Inc. is at the option of the vendor.

17. The Company has included in income, proceeds from the sale of a franchise which has had the effect of increasing net earnings (after tax) by $100,800. Although the franchise agreement was signed on August 31, 1967, the franchise operator did not take possession of the restaurant until October 1, 1967, the intervening period being utilized for training.

18. OTHER INCOME

Included in other income is profit from the operation of five Swiss Chalet Restaurants, one Harvey's Restaurant and Chalet Farms Limited from June 19, 1967 (the date of acquisition). Two of the Swiss Chalet Restaurants were franchised during the period with possession dates being August 1 and October 1, 1967. After the possession date, the Company no longer receives the operating profit from these Restaurants but, instead, receives commission and rental income. Of the remaining three Swiss Chalet Restaurants the Company intends to franchise two of them.

19. PRINCIPALS OF CONSOLIDATION

The consolidated financial statements include the accounts of Chalet Farms Limited (acquired on June 19, 1967) and Harvey's Foods Inc.

Harvey's Foods Inc. has not as yet commenced operations and its only asset is a nominal amount of cash received for its issued capital stock which asset has been converted to Canadian Funds at par.

The excess of cost of shares over book value of assets of Chalet Farms Limited is shown on the financial statements under other assets.

AR88

INFORMATION CIRCULAR

TABLE OF CONTENTS

	Page
- Notice of Meeting	2
- Increase in Board of Directors	3
- Management Nominees for Director	3 & 4
- Principal Holders of Voting Securities	4
- Remuneration of Management	4
- Additional Compensation	4
- Employee Share Purchase Options	5
- Appointment of Auditors	5
- Proposed Purchase of Assets of Swiss Chalet Bar-B-Q Limited	5
- Business of Swiss Chalet	5 & 6
- Business of Harvey's Foods Limited	6 & 7
- Management	7
- Interest of Management in Transactions	7
- Net Assets Proposed to be Purchased	7
- Means of Payment	8
- Description of Securities to be Issued	8 & 9
- Swiss Chalet Bar-B-Q Inc.	9

SCHEDULES

(A) - Financial Statements of Harvey's Foods Limited for the year ended March 31, 1967

(B) - Pro Forma Balance Sheet of Harvey's Foods Limited as of March 31, 1967

(C) - Report of Stewart Young & Mason, Real Estate Consultants

(D) - Letter from Midland-Osler Securities Limited

(E) - Special Resolution Re: Application for Supplementary Letters Patent

(F) - Special Resolution Re: Increase in Number of Directors

(G) - Resolution Approving Purchases of Assets of Swiss Chalet Bar-B-Q Limited and Shares of Chalet Farms Limited

HARVEY'S FOODS LIMITED

TAKE NOTICE that the Annual and Special General Meeting of Shareholders of Harvey's Foods Limited, will be held in the banquet rooms of Swiss Chalet Bar-B-Q Limited, at 362 Yonge Street, Toronto, on Tuesday May 23, 1967, at 11:00 o'clock in the forenoon, for the purpose of an address by the President and:

1. receiving and considering the financial statements of the Company for the year ended March 31, 1967, together with the report of the auditors thereon;

2. considering, and if thought advisable, confirming, subject to such amendments or additions as may be approved at the meeting, the Special Resolution passed by the directors on May 9, 1967, which provides for the increase of the Board of Directors from its present size of 7 members to 9 members;

3. electing directors;

4. appointing auditors and authorizing the directors to fix their remuneration;

5. considering, and if thought advisable, confirming, subject to such amendments or additions as may be approved at the meeting, an agreement made between the Company and Swiss Chalet Bar-B-Q Limited, ("Swiss Chalet"), dated May 9, 1967, whereby Swiss Chalet has agreed to sell its assets and trade mark to your Company on the terms set out in the accompanying information circular;

6. considering, and if thought advisable, confirming, subject to such amendments or additions as may be approved at the meeting, the special and other resolutions passed by the directors to increase the capital stock of the Company and to create the new securities on the basis and in amounts and on the terms set out in the accompanying information circular;

7. and the transaction of such other business as may properly come before the meeting.

If you are unable to be present personally, kindly sign and return the form of Instrument of Proxy accompanying this notice in the envelope provided for that purpose.

Dated at Toronto May 9, 1967

BY ORDER OF THE BOARD

E Kozak

EDWARD KOZAK (Secretary)

INFORMATION CIRCULAR

This information circular is submitted to shareholders of Harvey's Foods limited by management as required by the Ontario Securities Act. It contains information concerning the matters to be voted upon at the annual and special general meeting and for which management solicits votes in favour of all matters shown on the enclosed proxy form. Any proxy submitted by a shareholder may be revoked up until the commencement of the meeting by the submission of a subsequent proxy or by the attendance of the shareholder at the meeting in person. No Director of the Company has informed management that he intends to oppose any of the proposed actions for which the approval of shareholders is sought. The costs of circulating this information circular and of soliciting the enclosed proxy are being borne by the Company.

Increase in the Board of Directors

When the Company issued 175,000 common shares to the public on March 15, 1967, through Midland-Osler Securities Limited, Messrs. Sukornyk and Mauran, President and Chairman of the Board of Directors of the Company respectively, who are among the principal holders of common shares, undertook to vote their shares for the election of two representatives of Midland-Osler to the Board of Directors. Upon consideration, your Directors have decided to increase the Board of Directors from 7 to 9 members and submit this change for you approval. Management proposes for election to the newly created vacancies Messrs. Robert George McCulloch and James Philip Catty. Mr. McCulloch is Vice-President of Midland-Osler, Mr. Catty is a Chartered Accountant and Director of Underwriting of Midland-Osler.

Management's nominees for election as Directors for a term of one year are therefore as follows:

Name	Office held with the Company	Principal Occupation	Date Commenced Services as Director	Number and Class of Shares Owned
Richard Charles Wilfred Mauran	Chairman of the Board of Directors	President Swiss Chalet Bar-B-Q Ltd.	1959	64,248 common 250 preferred
George Bernard Sukornyk	President and Director	Barrister and Solicitor, President of the Company	1959	101,099 common 250 preferred
Donald Colin Webster	Vice-President and Director	President, Neptune Terminals Ltd. Prior to 1966 Vice-President General Impact Extrusions (Mftg) Ltd. and Director Seaway Terminals Ltd.	1964	28,001 common
Marc Andre Boisclair	Director	President Labrador Acceptance Corp. Ltd.	1961	1,150 common
Yves-Charles Hudon	Director	President Grissol Foods Limited	1961	2,001 common
David Stewart Owen	Director	Real Estate Consultant 1966-1967 Managing Director Eaton Centre Limited Prior to 1966 Real Estate Consultant	1966	1 common

Name	Office held with the Company	Principal Occupation	Date Commenced Services as Director	Number & Class of Shares owned
William Preston Ross	Director Chairman Toronto Bd. of Education Prior to 1966 Chairman Finance Committee Toronto Bd. of Education 1964 - Osgoode Hall Law School	Barrister & Solicitor	1964	1 common
Robert George McCulloch	--------	Vice-President Midland-Osler Securities Ltd. Prior to 1963 Vice President Osler, Hammon & Nanton Limited.	----	400 common
James Philip Catty C.A.	-------	Director of Underwriting Midland-Osler Securities Ltd. (1962-1963 Watt & Watt, Stockbrokers)	----	550 common

Principal Holders of Voting Securities

As at the record date for the annual and special general meeting, May 9, 1967, there were 628,300 common shares of Harvey's Foods Limited outstanding, each of which is entitled to one vote on all matters being considered at the meeting held on May 23, 1967. To the knowledge of the Directors of the Company the only persons directly or indirectly beneficially owning more than 10% of these shares were Messrs. Mauran and Sukornyk whose shareholdings are set out above and Bankmont & Co. which owns 116,580 common shares and $125,000. convertible Debentures. In addition, Mr. Mauran beneficially owns $5,000. convertible debentures and 12,000 share purchase warrants. Mr. Sukornyk owns $22,800. convertible debentures and 3,000 share purchase warrants.

Currently, Messrs. Mauran and Sukornyk's holdings represent 10.2% and 16.1% of the common shares. After the conversion of all outstanding convertible debentures and the exercise of all outstanding share purchase warrants these holdings would represent 9.7% and 13.7% of the voting power of the Company. Bankmont & Co. currently owns 18.6% of the common shares. After the conversion of debentures and exercise of warrants Bankmont & Co. would own 18.0% of the voting power.

Remuneration of Management

The aggregate remuneration paid by the Company and its subsidiary to its directors and senior officers for the fiscal year ended March 31, 1967 was $38,684. The estimated aggregate cost of all pension benefits to the directors and senior officers was NIL. Other than set out above no remuneration was paid or payable to any director or senior officer.

Additional Compensation

For the current and future fiscal years it is proposed to pay salaries of $25,000. each to the Chairman of the Board and the President, and to set aside for the distribution as additional compensation 5% of the profits before income taxes. From this 2% of such profits will be paid to each of the Chairman of the Board and the President and the balance will be distributed to employees as determined by the directors. No additional compensation will be paid that would reduce the profit after such compensation but before income taxes to less than 20% of the shareholders equity, as shown by the books of the Company at the beginning of the fiscal year.

Employee Share Purchase Options

A share purchase option was granted to Edward John Kozak, Secretary and Treasurer of the Company on May 2, 1966 in respect of 5,000 common shares exercisable over a 10 year period at a rate of 500 shares per annum at a price of $5 per share. Any shares not taken up in any year may be taken up in a subsequent year prior to the expiration of the option. No shares have as yet been issued to such employee under the terms of the said option.

Other than the above no options are outstanding to any director or executive officer except for ownership of publicly traded share purchase warrants.

Appointment of Auditors

It is proposed to reappoint McDonald, Currie & Co., Chartered Accountants, 120 Adelaide Street West, as auditors of the Company. McDonald, Currie & Co. were first appointed auditors on May 1, 1966.

Proposed Purchase of Assets of Swiss Chalet Bar-B-Q Limited

For some time your directors have been considering how the Company could best be expanded. As you are no doubt aware, your Chairman, Mr. Mauran, is the Chief Executive and principal shareholder in Swiss Chalet Bar-B-Q Limited, a successful specialty restaurant chain in Southern Ontario. Recently, as part of the agreement relating to the sale of 175,000 common shares, Mr. Mauran granted Harvey's the right of first refusal to purchase the shares of Swiss Chalet Bar-B-Q Limited. ("Swiss Chalet").

Following the sale of the common shares your directors entered into negotiations on how the two businesses could best be combined. After due consideration it was mutually agreed that Harvey's should purchase the net assets of Swiss Chalet for a price of 1,506,521 and at the same time purchase from Mr. Mauran all the issued and outstanding shares of Chalet Farms Limited for a consideration of $195.000.

In the opinion of your Board this purchase is advantageous to the Company in that it:

(a) Allows Harvey's to expand its range of restaurant services by the addition of a well established limited menu restaurant chain.

(b) Creates the opportunity for substantial increase in earnings through the future franchising of Swiss Chalet restaurants.

(c) Will provide incentive for those Harvey's operators who have shown the ability to move up to a larger franchise restaurant operation.

(d) Will result in a saving in combined management and administrative expenses because of the similarity of operations.

(e) Will increase rebates from suppliers as a result of the additional purchasing power of Swiss Chalet added to that of Harvey's.

Business of Swiss Chalet

Swiss Chalet operates 5 restaurants specializing exclusively in charcoal broiled chicken. The menu consists of chicken, french fried potatoes, salad, desert and beverages. Restaurants are operated at leased locations at

234 Bloor Street West, Toronto, 362 Yonge Street, Toronto, 1415 Yonge Street, Toronto, and in owned land and buildings at 2990 Eglinton Avenue East, Toronto, and N.W. Corner Queenston Road & Kenora Avenue, Hamilton.

Each restaurant seats between 185 and 250 people. In two of them banquet facilities are provided, seating from 125 to 200 people. A take-out service is provided at each restaurant and in Toronto a telephone order home delivery service is available. A similar home delivery service is planned to commence soon in Hamilton.

In order to provide space for expansion and to eventually replace the rented premises at 234 Bloor Street West, Swiss Chalet acquired adjacent properties at 238 Bloor Street West and 1 Bedford Road. On these it erected in 1962 and 1966 a modern building providing space for a Harvey's restaurant, operated by Swiss Chalet, 3 stores and 12,700 sq. ft. of offices of which 2,760 sq. ft. is currently leased to Harvey's. These buildings produce a gross income of $42,996.00 from unaffiliated tenants and together with the Harvey's restaurant are included in the assets to be purchased.

Swiss Chalet's trade mark is readily recognizable on all buildings, take out containers and advertising material. Swiss Chalet designed and developed most of its kitchen equipment and layouts. The complete rights to all such trade marks in Canada will be acquired by Harvey's except in the Metropolitan Montreal area, where Harvey's or its subsidiaries agree not to sell poultry products directly or indirectly without the written consent of Mr. R.C.W. Mauran. The rights to the name in the United States of America are held by Swiss Chalet Bar-B-Q Inc. which is controlled by Mr. Mauran. Its controlling shares have been optioned to the Company as described hereafter under the heading "Swiss Chalet Bar-B-Q Inc.".

Swiss Chalet purchases its chicken from Chalet Farms Limited, a federally inspected plant which processes chickens grown to its specifications. Chalet Farms also sells a substantial volume of chickens to supermarkets and other users.

The consolidated sales of the restaurant operations being purchased for the fiscal year ended March 26, 1967, were approximately $2,389,000. This includes only one month's operation of the Hamilton location which opened in March, 1967. As the assets of Swiss Chalet are being purchased and future restaurants will be franchised, your Directors do not consider the prior earnings of Swiss Chalet Bar-B-Q Limited to be significant. A pro forma statement of earnings for the year ended March 31, 1967, assuming the completion of this transaction as of April 1, 1966, indicates that earnings per share of Harvey's would be approximately unchanged as a result of these transactions while cash flow would increase. As this period included only one month operations of the Hamilton Swiss Chalet it is the opinion of the directors that the company is satisfactorily able to service the securities to be issued as part of the acquisition.

Business of Harvey's Foods Limited

The Company franchises a group of limited-service restaurants under the Harvey's name. Sales of this group exceeded $3,620,000 for the twelve months ended March 31, 1967. All Harvey's restaurants serve a standard menu of hamburgers, hot dogs, french fried potatoes, milkshakes, soft drinks, milk, coffee and hot chocolate. The flavour of the food is enhanced through the use of fresh vegetables in preparation and garnishing and charcoal for cooking. The food preparation and the service is prescribed in detail by Harvey's and is carefully inspected by a team of trained inspectors.

All food products served in Harvey's restaurants are prepared to Harvey's exclusive specifications. Meat and dairy products are purchased from federally inspected producers and bread products are produced by a national baker at its local plants using Harvey's special flour mix. All other food and materials, except fresh vegetables, are contracted for on a national basis at a delivered price.

The design of Harvey's restaurants is characterised by simplicity, with the kitchen area merged into the serving area, thus requiring minimum staff and, at the same time, permitting customers to observe food preparation and cleanliness. High quality building materials such as quarry tiles for floors, stainless steel for equipment and counters, ceramic tiles for walls and copper for roofs are used throughout, thus assuring cleanliness with minimum effort. A major part of the equipment used by Harvey's restaurants have been designed and developed by the Company.

Harvey's now operates 33 franchised restaurants with 4 under construction and an additional 10 in the planning stages. In future the Company will operate under two trade marks - Harvey's and Swiss Chalet, and additional restaurants will be developed and franchised under both names,

Management

Mr. Mauran will be joining Harvey's on a full time executive basis, He has been associated with the restaurant and food industry for 15 years and has been President and controlling shareholder of Swiss Chalet Bar-B-Q Limited for more than 14 years. He is also President and controlling shareholder of Swiss Chalet Bar B.Q.Inc. which operates two restaurants in Buffalo. Mr. Sukornyk will continue as President of the Company. Mr. Kozak will continue as secretary and in charge of all construction and installation of equipment, site acquisition, and negotiations with suppliers. Mr. Antonin Lalonde will be joining the Company from Swiss Chalet where he has been in charge of operations for the past 10 years. He will be appointed Treasurer of the Company and will be responsible for weekly inspections, training of operators for both Harvey's and Swiss Chalet. It is the intention of the Company to retain all the employees of Swiss Chalet Bar B.Q. Limited in their present capacity.

Interest of Management in Transactions

Mr. Sukornyk is Secretary-Treasurer of Swiss Chalet Bar B. Q. Limited and holds one qualifying common share. Mr. Mauran is President and is the beneficial owner of all of the issued and outstanding shares of Swiss ChaletBar B.Q. Limited, as set out on pages 3 and 4 herein. Mr. Mauran and Mr. Sukornyk are principal holders of the common shares of the Company.

Net assets proposed to be purchased

Land		$ 640,000
Buildings		766,000
Leasehold Improvements		82,669
Equipment		894,976
Note due from Chalet Farms Limited		45,150
Inventories, Accounts Receivable & Prepaids		47,834
Swiss Chalet Trade Mark		120,000
Less Liabilities to be Assumed:		
Accounts Payable	$ 268,788	
Bank Loan	60,000	
Mortgages Payable	696,947	
Due on Equipment	64,373	- 1,090,108
NET ASSETS BEING PURCHASED		1,506,521

The value of land and buildings is based on an appraisal by Stewart, Young & Mason, Real Estate Consultants, dated April 26, 1967.

Means of Payment

The shares of Chalet Farms Limited are to be purchased from Mr. R.C.W. Mauran for $195,000. This price which was determined by negotiations is 13.7 times net profits after taxes of $14,200 for the year ended March 31, 1967 and $165,833 in excess of net book value. The purchase price is to be paid as follows:

Cash on closing	$ 95,000
2,000 5½% Series A Preferred Shares - $50. par	100,000
	$ 195,000

The $1,506,521 payable to Swiss Chalet Bar-B-Q Limited will be paid as follows:

Cash on closing	$ 196,121
7½% Series C Debentures, accompanied by 90,000 share purchase warrants, Series 2 (1967)	900,000
8,000 5½% Series A Preferred Shares - $50. par, accompanied by 40,000 share purchase warrants Series 2 (1967)	400,000
10,400 Class A Shares - $1. par	10,400
	$1,506,521

Description of Securities to be Issued

(1) Series C Debentures

The $900,000 Series C Debentures to be issued will rank pari-passu with the Series A and Series B Debentures and bear interest at the rate of 7½% per annum payable monthly. They will be dated as of the closing date and mature serially at the rate of $20,000 on the last day of each month, commencing on the last day of the month following that of the closing. The Series C Debentures will be redeemable at par at the Company's option on the last day of any month without prior notice.

The issuance of these Series C Debentures is subject to waivers of certain restrictions being obtained from the holders of the issued and outstanding Series A and Series B Debentures. In return for these waivers your Directors propose to increase the interest rate on the Series A and Series B Debentures from 7% to the 7½% rate being paid on the Series C Debentures.

(2) Series A First Preference Shares

The 10,000 First Preference Shares $50 par designated 5½% Series A and issued as part of the consideration for the purchase of assets carry a cumulative preferential dividend at the rate of 5½% per annum and no more of which .68 3/4¢ per share is payable each year on January 31, April 30, July 31, and October 31. The Series A First Preference Shares shall be redeemable at $52.50 per share on or before January 31, 1970 and thereafter at a price declining 50¢ annually to par on January 31, 1975. The Company has agreed to establish a sinking fund to redeem at par 1,000 shares on April 30 and October 31 for each year commencing October 30, 1973 until the issue is fully redeemed.

(3) Class A Shares

The 10,400 Class A Shares, $1 par to be issued will be non-voting and will not be entitled to any dividends.

When the consolidated net earnings of the Company, before income taxes and additional compensation, in any year exceed the datum level set out below, 1 Class A Share will be convertible into 25 common shares for each $100 of excess earnings. Such conversion may only take place between June 30 and September 30 following the completion ofthe fiscal year in which the conversion privilege was earned provided that no more than 2,000 Class A Shares may be converted in any one period. Any unexercisable conversion rights will be carried forward into subsequent years. The conversion rights will be adjusted in the case of any stock splits or stock dividends or on the issue of any common shares for less than $7.50.

The datum level is set out below for the respective fiscal years ended March 31:

1968	1969	1970	1971	1972	1973
$900,000	$1,100,000	$1,300,000	$1,500,000	$1,700,000	$1,900,000

after 1973 the datum level remains at $1,900,000

(4) Share Purchase Warrants Series 2 (1967)

The 130,000 Share Purchase Warrants Series 2 (1967) shall grant the holder the right to purchase one common share of the Company at $7.50 until May 15, 1977. The warrant shall contain full anti-dilution provisions which become operational if the Company issues any common shares, other than those common shares now reserved for the exercise of warrants outstanding or for the conversion of the Series B Debentures, at a price of less than $7.50.

THE FOREGOING STATEMENT WITH RESPECT TO THE SERIES C SERIAL DEBENTURES, SERIES A FIRST PREFERENCE SHARES, CLASS A SHARES AND SHARE PURCHASE WARRANTS SERIES 2 (1967) ARE NOT COMPLETE AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE FULL PROVISIONS ATTACHING TO THESE SECURITIES AS DISCLOSED IN THE ENCLOSED RESOLUTIONS TO BE PRESENTED TO THE ANNAUL AND SPECIAL GENERAL MEETING OF SHAREHOLDERS.

Swiss Chalet Bar-B-Q Inc.

A similar Swiss Chalet restaurant business is being carried on in the United States by Swiss Chalet Bar-B-Q Inc. Two restaurants are in operation in Buffalo, New York. Mr. Mauran is the beneficial owner of 60% of the issued and outstanding common shares of the Company. An option agreement has been entered into by Harvey's to purchase Mr. Mauran's holdings of Swiss Chalet Bar-B-Q Inc. by the issue of 100,000 common shares of Harvey's plus the payment of $100,000 in cash, or Mr. Mauran may in lieu thereof elect to accept $600,000 in cash plus 100,000 Series 2 (1967) warrants. Mr. Mauran will indiciate his election within one month of being notified by Harvey's that the option is being exercised. This option expires May 30, 1970 but notice of Harvey's intention to exercise must be communicated to Mr. Mauran on or before May 30, 1969. In the interim or if the option is not exercised Harvey's or its subsidiaries agree not to sell poultry produce in the United States of America.

AR88

HARVEY'S FOODS LIMITED

BALANCE SHEET AS AT MARCH 31, 1967

A S S E T S

	1967 $	1966 $
CURRENT ASSETS		
Cash	294,504	7,714
Due from associated company	10,098	9,898
Accounts receivable	136,031	39,540
Chattel mortgages and notes receivable - current portion	87,812	41,409
Unpaid share subscriptions	-	17,521
Prepaid expenses	10,924	5,204
	539,369	121,286
CHATTEL MORTGAGES AND NOTES RECEIVABLE (note 1)	734,927	486,012
Less - provision (note 1)	213,563	138,425
	521,364	347,587
Less - current portion	87,812	41,409
	433,552	306,178
FIXED ASSETS		
Land - at cost	1,354,725	957,450
Buildings and equipment - at cost less accumulated depreciation (note 2)	1,941,724	1,126,675
Leasehold improvements - at cost less amortization	110,944	69,054
	3,407,393	2,153,179
DEFERRED CHARGES - at cost less amortization		
Incorporation and share issue expense	85,351	13,679
Debt discount and issue expense	36,843	34,393
	122,194	48,072
	4,502,508	2,628,715

SIGNED ON BEHALF OF THE BOARD

Director

Director

HARVEY'S FOODS LIMITED

BALANCE SHEET AS AT MARCH 31, 1967

L I A B I L I T I E S

	1967 $	1966 $
CURRENT LIABILITIES		
Bank loan (secured)	-	146,000
Accounts payable and accrued charges	82,968	46,779
Income taxes payable	94,902	66,000
Long-term liabilities - current portion	261,780	110,783
	439,650	369,562
LONG-TERM LIABILITIES		
Mortgages payable (note 3)	1,666,813	1,098,614
Due on Equipment (note 10)	112,056	107,832
	1,778,869	1,206,446
Less - current portion	261,780	110,783
	1,517,089	1,095,663
Buildings under construction (note 4)	50,856	48,873
7% Sinking Fund Debenture, Series A (note 5)	90,000	100,000
7% Convertible Sinking Fund Debentures, Series B (note 6)	300,000	-
	1,957,945	1,244,536
DEFERRED INCOME TAXES (note 7)	300,500	175,743

S H A R E H O L D E R S' E Q U I T Y

CAPITAL STOCK (note 8)		
Authorized -		
13,620 6% non-voting, non-cumulative redeemable preference shares of $10 each		
1,000,000 common shares without par value		
Issued and fully paid -		
4,170 preference shares	41,700	46,100
628,300 common shares	1,190,303	490,153
	1,232,003	536,253
CONTRIBUTED SURPLUS	1,500	1,500
RETAINED EARNINGS	570,910	301,121
	1,804,413	838,874
	4,502,508	2,628,715

HARVEY'S FOODS LIMITED

STATEMENT OF EARNINGS

FOR THE YEAR ENDED MARCH 31, 1967

	1967 $	1966 $
GROSS INCOME	1,022,615	660,435
EARNINGS - before charging the following	874,968	562,896
Provision for losses on collection and termination of franchise agreements	75,138	74,045
Depreciation	98,932	52,745
Amortization of debt discount and expense	12,899	8,475
Amortization of incorporation and issue expense	1,859	1,552
Interest	138,984	77,780
Directors' remuneration	1,684	600
	329,496	215,197
NET EARNINGS BEFORE INCOME TAXES	545,472	347,699
PROVISION FOR INCOME TAXES		
Current	148,500	77,100
Deferred	124,757	94,307
	273,257	171,407
NET EARNINGS FOR THE YEAR	272,215	176,292
Earnings per common share (based on number of shares outstanding at the year end)	.43¢	.39¢

HARVEY'S FOODS LIMITED

STATEMENT OF RETAINED EARNINGS

FOR THE YEAR ENDED MARCH 31, 1967

	1967 $	1966 $
BALANCE - BEGINNING OF YEAR	301,121	73,249
Profit on sale of franchises deferred in previous years	-	54,266
Net earnings for the year	272,215	176,292
	573,336	303,807
Dividends paid on preference shares	2,426	2,686
BALANCE - END OF YEAR	570,910	301,121

HARVEY'S FOODS LIMITED

STATEMENT OF SOURCE AND USE OF FUNDS
FOR THE YEAR ENDED MARCH 31, 1967

	1967 $	1966 $
SOURCE OF FUNDS		
Net earnings for the year	272,215	176,292
Add: Charges not requiring an outlay of funds -		
Depreciation and amortization	113,690	62,772
Deferred income taxes	124,757	94,307
Provision for losses on collection and termination of franchise agreements	75,138	74,045
	585,800	407,416
Proceeds from issue of preference and common shares	700,150	196,450
Increase in long-term liabilities - net	713,409	392,914
	1,999,359	996,780
USE OF FUNDS		
Additions to fixed assets - net	1,353,147	980,618
Increase in share and debt issue expenses	88,880	14,387
Redemption of preference shares	4,400	4,400
Dividends	2,426	2,686
Increase in mortgages and notes receivable	202,511	208,678
	1,651,364	1,210,769
INCREASE (DECREASE) IN WORKING CAPITAL	347,995	(213,989)
WORKING CAPITAL AT BEGINNING OF YEAR	(248,276)	(34,287)
Increase (Decrease) in working capital	347,995	(213,989)
WORKING CAPITAL AT END OF YEAR	99,719	(248,276)

May 9, 1967

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Harvey's Foods Limited as at March 31, 1967 and the statements of earnings, retained earnings and source and use of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of earnings, retained earnings and source and use of funds, when read in conjunction with the notes thereto, present fairly the financial position of the company as at March 31, 1967, and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDonald, Currie & Co.

CHARTERED ACCOUNTANTS

HARVEY'S FOODS LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 1967

1. CHATTEL MORTGAGES AND NOTES RECEIVABLE

(a) The chattel mortgages and notes receivable represent the balances due from franchise operators in respect of the purchase of franchise rights. These mortgages and notes are amortized over a 5 to 10 year period by monthly repayments of principal and interest at 7% per annum.

(b) A provision of 30% of the amount outstanding has been made to cover possible losses on collection and termination of franchise agreements. The company has experienced no losses to date.

2. FIXED ASSETS

(a) Buildings, equipment and accumulated depreciation thereon is made up of the following:

	1967			1966
	Cost $	Accumulated depreciation $	Net $	Net $
Buildings	1,538,963	96,537	1,442,426	786,176
Parking lots	83,101	8,043	75,058	68,113
Equipment	503,558	79,318	424,240	272,386
	2,125,622	183,898	1,941,724	1,126,675

(b) The following rates of depreciation are used by the company:

Buildings	5% reducing balance
Parking lots	4% reducing balance
Equipment	10% reducing balance
Leasehold improvements	Straight line over term of lease

3. MORTGAGES PAYABLE

	Due between one and five years $	Due between five and ten years $	Due after ten years $	Total $
First mortgages - 6½% to 9.2%	720,799	414,319	267,192	1,402,310
Second mortgages - 7% to 12%	173,450	13,517	7,003	193,970
Third mortgages - 6½% to 7%	10,985	26,110	33,438	70,533
	905,234	453,946	307,633	1,666,813

4. BUILDINGS UNDER CONSTRUCTION

(a) It is the company's practice to obtain long-term mortgages on buildings after completion, and for this reason the amounts owing of $50,856 in this respect are classified under long-term liabilities.

(b) At March 31, 1967, the company is further committed under construction contracts to the extent of approximately $130,000.

5. 7% SINKING FUND DEBENTURES, SERIES A

These debentures mature on April 15, 1974, and are redeemable at the principal amount thereof plus a premium of 7% on or before April 15, 1967 and thereafter the said premium reduces by 1% for each year commenced or elapsed

after April 15, 1967.

By the terms of the Debenture Trust Deed the company is required to establish a sinking fund sufficient to retire $10,000 principal annually on April 15, 1967 to 1973 both inclusive.

6. 7% CONVERTIBLE SINKING FUND DEBENTURES, SERIES B

These debentures mature on May 15, 1981 and are redeemable at the principal amount thereof plus a premium of 5% if redemption occurs between May 15, 1971 and May 15, 1976 and thereafter the said premium reduces by 1% for each year elapsed after May 15, 1976.

By the terms of the Debenture Trust Deed the company is required to establish a sinking fund sufficient to retire $30,000 principal annually in each of the years 1976 to 1980 both inclusive.

Those debentures are convertible into common shares in the capital of the company until May 15, 1976 at the rate of 25 common shares for each $100 principal amount until May 15, 1971, and 16¼ common shares for each $100 principal amount thereafter until May 15, 1976.

7. DEFERRED INCOME TAXES

Deferred income taxes arise from (a) claiming depreciation and amortization for income tax purposes in excess of that recorded in the accounts of the company and (b) taking into income the total profit on the sale of franchises in the year in which sold whereas for income tax purposes these profits are computed as cash is received in settlement. The effect of the above is to reduce the income taxes payable in respect of the year by $124,757 which together with similar amounts arising in earlier years amount in total to $300,500. These taxes may be payable in future years when income for tax purposes is more than that recorded in the accounts.

8. CAPITAL STOCK

(a) During the year the company issued 175,000 common shares in consideration of $700,000 ($4.00 per share) in cash. In addition 75 common share purchase warrants were exercised during the year at $2.00 per share.

(b) Of the 100,000 shares purchase warrants issued, 96,700 remained unexercised at March 31, 1967. Those warrants entitle the holders thereof to purchase common shares at $2.00 per share on or before April 15, 1969 or thereafter at $4.00 per share on or before April 15, 1974.

(c) 5,000 common shares are reserved for issuance upon exercise at $5.00 per share of an employee stock option which expires May 2, 1976.

(d) During the year 440 6% non-voting, non-cumulative preference shares of $10 each were redeemed at par and cancelled.

9. LEASES

The company holds leases of 20 to 25 years' duration on eight properties at a net annual rental of approximately $56,154, each of which is sub-let to a franchise operator. The company has the option to purchase three of these properties.

10. DUE ON EQUIPMENT

This amount is due to suppliers of equipment whose accounts are, by arrangement, payable monthly over varying periods of up to 3 years. Interest is charged on certain accounts at rates varying from 6 to 8% per annum which is added to the principal amount. Some of these accounts are secured by conditional sales contracts.

11. EVENTS SUBSEQUENT TO THE YEAR END

Subject to the approval of the shareholders, the directors approved on May 9, 1967 the acquisition of the net assets of Swiss Chalet Bar-B-Q Limited and the shares of Chalet farms Limited at a cost of $1,701,521 to be satisfied by the payment of cash and the issue of debentures and shares of the company.

AR88

HARVEY'S FOODS LIMITED

AND ITS SUBSIDIARY COMPANY, CHALET FARMS LIMITED

PRO FORMA CONSOLIDATED BALANCE SHEET (note 1)

AS AT MARCH 31, 1967

A S S E T S

CURRENT ASSETS	
Cash	$ 5,241
Accounts Receivable	219,476
Inventories - at lower of cost or net realizable value	35,382
Chattel Mortgages and notes receivable - current portion	87,812
Prepaid expenses	24,194
	372,105
CHATTEL MORTGAGES AND NOTES RECEIVABLE (note 2)	734,927
Less - Provision	213,563
	521,364
Less - Current Portion	87,812
	433,552
FIXED ASSETS	
Land - at cost	1,997,725
Buildings, parking lots and equipment - at cost less accumulated depreciation (note 3)	3,732,924
Leasehold improvements - at cost less amortization	193,613
	5,924,262
OTHER ASSETS	
Financing expense at cost - less amortization	122,194
Trade mark - at cost	120,000
Excess of cost of shares over book value of assets of subsidiary company	166,833
	409,027
	$7,137,946

SIGNED ON BEHALF OF THE BOARD

Director

Director

HARVEY'S FOODS LIMITED

and its subsidiary company, Chalet Farms Limited

PRO FORMA CONSOLIDATED BALANCE SHEET (note 1)

AS AT MARCH 31, 1967

L I A B I L I T I E S

CURRENT LIABILITIES	
Bank Advance (secured)	$ 165,000
Income taxes payable	92,070
Accounts payable and accrued charges	372,766
Long-term liabilities - current portion	489,913
	1,119,749
LONG-TERM LIABILITIES	
Mortgages payable (note 4)	2,367,360
Due on equipment (note 12)	176,429
Buildings under construction (note 5)	71,760
Industrial Development Bank	17,500
7½% Sinking Fund Debentures, Series A (note 6)	90,000
7½% Convertible Sinking Fund Debentures, Series B (note 7)	300,000
7½% Serial Debentures, Series C (note 8)	900,000
	3,923,049
Less: current portion	489,913
	3,433,136
DEFERRED INCOME TAXES (note 9)	311,948

S H A R E H O L D E R S' E Q U I T Y

CAPITAL STOCK (note 8)	
Authorized	
50,000 Frist Preference Shares, par $50	
10,400 Class A Shares, par $1, non-voting non-dividend paying, convertible	
2,000,000 Common Shares, Without par value	
Issued and fully paid	
5½% First Preference Shares, Series A - 10,000 Shares	500,000
Class A Shares - 10,400 Shares	10,400
Common Shares - 628,300 Shares	1,190,303
Retained Earnings	570,910
Contributed Surplus	1,500
	2,273,113
	$7,137,946

May 9, 1967

To the Directors,
Harvey's Foods Limited.

We have examined the accompanying pro forma consolidated balance sheet of Harvey's Foods Limited and its subsidiary company, Chalet Farms Limited as at March 31, 1967. With respect to Harvey's Foods Limited of which company we are the auditors, our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have accepted the report of other auditors with respect to Chalet Farms Limited whose net assets are not a significant portion of the total.

In our opinion the accompanying pro forma consolidated balance sheet, when read in conjunction with the notes thereto, presents fairly the consolidated financial position of the companies as at March 31, 1967 after giving effect to the changes set forth in note 1 thereto, in accordance with generally accepted accounting principles.

McDonald, Currie & Co.

CHARTERED ACCOUNTANTS

HARVEY'S FOODS LIMITED
and its subsidiary company, Chalet Farms Limited
NOTES TO PRO FORMA CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 1967

1. The pro forma consolidated balance sheet gives effect, as at March 31, 1967, to the following transactions:

(a) Upon application for supplementary letters patent, the increase in authorized common shares from one million to two million shares; the authorization of 50,000 First Preference Shares, par value of $50 each, of which 10,000 are designated 5½% Series A; and the authorization of 10,400 Class A Shares, par value of $1 each; the cancellation of the existing authorized 13,620 6% Preference Shares, par value of $10 each; and the creation of $900,000 7½% Serial Debentures, Series C;

(b) the redemption for cancellation as set out in 1(a), of 4,170 6% preference shares, par value of $10 each, being all the issued and outstanding preference shares, for an aggregate consideration of $41,700;

(c) the receipt of $10,098 being the amount receivable from an associated company;

(d) the purchase of the following assets of Swiss Chalet Bar-B-Q Limited as set out in the purchase agreement dated May 9, 1967 between Harvey's Foods Limited and Swiss Chalet Bar-B-Q Limited:

Land		$ 640,000
Buildings		766,000
Equipment		894,976
Leasehold improvements		82,669
Inventories, accounts receivable and prepaid expenses		47,834
Note due from Chalet Farms Limited		45,150
Swiss Chalet Trade Mark		120,000
		$2,596,629
Less: Liabilities to be assumed -		
Accounts payable	268,700	
Mortgages payable	696,947	
Bank advances	60,000	
Due on equipment	64,373	1,090,108
		$1,506,521

and the payment for these assets as set out in the said purchase agreement:

Cash	$ 196,121
The issue of $900,000 7½% Serial Debentures, Series C, accompanied by 90,000 share purchase warrants, Series 2 (1967)	900,000
The issue of 8,000 5½% First Preference Shares, Series A, par $50 accompanied by 40,000 share purchase warrants, Series 2 (1967)	400,000
The issue of 10,400 Class A Convertible Shares, par $1	10,400
	$1,506,521

(e) the purchase of all the issued and outstanding shares of Chalet Farms Limited for an aggregate consideration of $195,000 of which $95,000 will be paid in cash and $100,000 by the issue of 2,000 5½ First Preference Shares, Series A, par $50, as set out in the purchase agreement dated May 9, 1967 between Harvey's Foods Limited and Mr. R. C. W. Mauran;

(f) the consolidation of the balance sheet of Chalet Farms Limited as at March 26, 1967;

(g) additional bank advance of $30,000;

(h) increase in the interest rate on the Series A and Series B Debentures from 7% to 7½%;

(i) the transfer of certain land, building, and equipment of Chalet Farms Limited having a net book value of $75,745 and no longer required for the Chalet Farms Limited's operations to the original owner in consideration of the cancelling of an existing mortgage on the properties in the amount of $75,620.

2. CHATTEL MORTGAGES AND NOTES RECEIVABLE

(a) The chattel mortgages and notes receivable represent the balances due from franchise operators in respect of the purchase of franchise rights. These mortgages and notes are amortized over a 5 to 10 year period by monthly repayments of principal and interest at 7% per annum.

(b) A provision of 30% of the amount outstanding has been made to cover possible losses on collection and termination of franchise agreements. The company has experienced no losses to date.

3. FIXED ASSETS

(a) Buildings, equipment and accumulated depreciation thereon is made up of the following:

	1967		
	Cost	Accumulated Depreciation	Net
	$	$	$
Buildings	2,336,963	96,537	2,240,426
Parking lots	83,101	8,043	75,058
Equipment	1,496,758	79,318	1,417,440
	3,916,822	183,898	3,732,924

(b) The following rates of depreciation are used by the company:

Buildings	5% reducing balance
Parking lots	4% reducing balance
Equipment	10% reducing balance
Leasehold improvements	Straight line over term of lease

4. MORTGAGES PAYABLE

	Due between one and five years $	Due between five and ten years $	Due after ten years $	Total $
First mortgages - 6½% to 9.2%	855,395	504,663	494,942	1,855,000
Second mortgages - 7% to 12%	219,742	212,035	9,250	441,827
Third mortgages - 6½% to 7%	10,985	26,110	33,438	70,533
	1,086,122	743,808	537,630	2,367,360

5. BUILDINGS UNDER CONSTRUCTION

(a) It is the company's practice to obtain long-term mortgages on buildings after completion, and for this reason the amounts owing of $71,766 in this respect are classified under long-term liabilities.

(b) At March 31, 1967, the company is further committed under construction contracts to the extent of approximately $130,000.

6. 7½% SINKING FUND DEBENTURES, SERIES A

These debentures mature on April 15, 1974, and are redeemable at the principal amount thereof plus a premium of 7% on or before April 15, 1967 and thereafter the said premium reduces by 1% for each year commenced or elapsed after April 15, 1967.

By the terms of the Debenture Trust Deed the Company is required to establish a sinking fund sufficient to retire $10,000 principal annually on April 15, 1967 to 1973 both inclusive.

7. 7½% CONVERTIBLE SINKING FUND DEBENTURES, SERIES B

These debentures mature on May 15, 1981 and are redeemable at the principal amount thereof plus a premium of 5% if redemption occurs between May 15, 1971 and May 15, 1976 and thereafter the said premium reduces by 1% for each year elapsed after May 15, 1976.

By the terms of the Debenture Trust Deed the company is required to establish a sinking fund sufficient to retire $30,000 principal annually in each of the years 1976 to 1980 both inclusive.

These debentures are convertible into common shares in the capital of the company until May 15, 1976 at the rate of 25 common shares for each $100 principal amount until May 15, 1971, and 16¼ common shares for each $100 principal amount thereafter until May 15, 1976.

8. 7½% SERIAL DEBENTURES, SERIES C

These debentures mature serially at the rate of $20,000 on the last day of each month, commencing on the last day of the month following that of the closing and are redeemable at par at the Company's option on the last day of any month without prior notice.

9. DEFERRED INCOME TAXES

Deferred income taxes arise from (a) claiming depreciation and amortization for income tax purposes in excess of that recorded in the accounts of the company and (b) taking into income the total profit on the sale of franchises in the year in which sold whereas for income tax purposes these profits are computed as cash is received in settlement. The effect of the above has been to reduce the income taxes payable in respect of prior years by $311,946. These taxes may be payable in future years when income for tax purposes is more than that recorded in the accounts.

10. CAPITAL STOCK

(a) Of the 100,000 shares purchase warrants series 1 issued, 96,700 remained unexercised at March 31, 1967. These warrants entitle the holders thereof to purchase common shares at $2.00 per share on or before April 15, 1969 or thereafter at $4.00 per share on or before April 15, 1974.

(b) The 130,000 share purchase warrants series 2 (1967) entitle the holders thereof to purchase common shares at $7.50 per share on or before May 15, 1977.

(c) 5,000 common shares are reserved for issuance upon exercise at $5.00 per share of an employee stock option which expires May 2, 1976.

(d) The 10,400 Class A Shares, par $1 are non-voting and non-dividend paying.

When the consolidated net earnings of the Company, before income taxes and additional compensation, in any year exceed the datum level set out below, 1 Class A Share will be convertible into 25 common shares for each $100 of excess earnings. Such conversion may only take place between June 30 and September 30 following the completion of the fiscal year in which the conversion privilege was earned provided that no more than 2000 Class A Shares may be converted in any one period. Any unexercisable conversion rights will be carried forward into subsequent years. The conversion rights will be adjusted in the case of any stock splits as stock dividends or on the issue of any common shares for less than $7.50.

The datum level is set out below for the respective fiscal years ended March 31:

1968	1969	1970	1971	1972	1973
$900,000	$1,100,000	$1,300,000	$1,500,000	$1,700,000	$1,900,000

after 1973, the datum level remains at $1,900,000.

11. LEASES

The company holds leases of 20 to 25 years' duration on eleven properties at a net annual rental of approximately $108,054, of which eight are sub-let to a franchise operator. The company has the option to purchase three of these properties.

12. DUE ON EQUIPMENT

This amount is due to suppliers of equipment whose accounts are, by arrangement, payable monthly over varying periods of up to 3 years. Interest is charged on certain accounts at rates varying from 6 to 8% per annum which is added to the principal amount. Some of these accounts are secured by conditional sales contracts.

AR88

CONSULTANT
MES INNES STEWART, Q.C., A.A.C.I., M.B.A., M.A.

PARTNERS
I. M. YOUNG, B.Sc., A.R.I.C.S., A.A.C.I., M.A.I., CHARTERED SURVEYOR
ID MASON, A.A.C.I., M.A.I.
V GEEN WILLIAMS, A.R.I.C.S., A.C.I.Q.S., A.A.C.I., CHARTERED SURVEYOR

Ontario Land Economists

TELEPHONE EMPIRE 3-2023

STEWART, YOUNG & MASON

Real Estate Appraisers & Consultants

902, NATIONAL BUILDING
347 BAY STREET, TORONTO 1, CANADA

Associates in U.K.:—
Body, Son & Fleury,
Chartered Surveyors,
49, Old Bond Street,
London, W.1.

26th April, 1967

Swiss Chalet Bar-B-Q Limited,
234 Bloor Street West,
Toronto, Ontario.

Attention: Mr. R. Mauran

Dear Sirs,

re: Appraisal Report - 238 Bloor Street West
and 1 Bedford Road, Toronto
2990 Eglinton Avenue East, Scarborough
N.W. Cor. Queenston Road & Kenora Ave. Hamilton

Pursuant to your request for an estimate of the value of the above property, I have examined same and submit herewith estimates thereon.

The accompanying report of 19 pages and 4 appendices contains the results of my investigations.

In submitting this report I certify as follows:

1. That the within described property has been inspected.

2. That I have no interest, present or contemplated, therein.

3. That my employment in making this appraisal is in no way contingent on the amount of my estimate of value.

4. That this appraisal has been made in conformity with the Rules of Professional Ethics of the American Institute of Real Estate Appraisers of the National Association of Real Estate Boards and the Appraisal Institute of Canada.

In my opinion as of April 18th 1967 the value of the property as defined herein is as follows:

	Land	Building	Total
238 Bloor Street W. & 1 Bedford Road, Toronto	$355,000	$368,000	$723,000
2990 Eglinton Ave. E. Scarborough	$193,000	$200,000	$393,000
N.W. Cor. Queenston & Kenora, Hamilton.	$ 92,000	$198,000	$290,000

Yours very truly,

STEWART, YOUNG & MASON

A. G. Williams

A. G. Williams.

AGW/fc.

MIDLAND-OSLER SECURITIES LIMITED

LONDON
TORONTO
MONTREAL
HAMILTON
KITCHENER
BRANTFORD
ST. THOMAS
WOODSTOCK

NEW YORK

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REGINA
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CALGARY
EDMONTON
VANCOUVER
VICTORIA
SAULT STE. MARIE
SARNIA
NANAIMO

44 KING STREET WEST
TORONTO 1, ONTARIO

May 8, 1967.

The Directors,
Harvey's Foods Limited,
238 Bloor Street West,
Toronto, Ontario.

Gentlemen:

We have been asked by Mr. Sukornyk to report to you upon the proposed purchase of the shares of Chalet Farms Limited and the net assets of Swiss Chalet Bar-B-Q Limited.

We have examined the audited financial statements of your company, Chalet Farms and Swiss Chalet and examined the appraisals of the fixed assets being acquired. We have also discussed the acquisition with the operating management of both companies and prepared a pro forma consolidated balance sheet and a pro forma consolidated statement of earnings.

Based upon the information given to us we believe that the proposed terms for the acquisition by Harvey's of the shares of Chalet Farms and the net assets of Swiss Chalet Bar-B-Q Limited are fair and reasonable.

Yours very truly,

MIDLAND-OSLER SECURITIES LIMITED

Per:

MEMBER
THE INVESTMENT DEALERS' ASSOCIATION OF CANADA
THE TORONTO, MONTREAL, CANADIAN, VANCOUVER, CALGARY AND WINNIPEG STOCK EXCHANGES

SPECIAL RESOLUTION RE APPLICATION FOR
SUPPLEMENTARY LETTERS PATENT

RESOLVED as a Special Resolution that:

1. The Company be and is hereby authorized to make application to the Lieutenant Governor of the Province of Ontario for Supplementary Letters Patent decreasing the authorized capital of the Company by cancelling the 9,450 unissued 6% non-voting non-cumulative redeemable preference shares of a par value of $10.00 each and increasing the authorized capital of the Company by creating one million additional common shares, 10,400 Class A preference shares of a par value of $1.00 each and 50,000 First preference shares with a par value of $50.00 each. Provided that the aggregate consideration for the issuance of all the common shares of the Company shall not exceed in amount or value the sum of $2,000,000 or such greater amount as the Directors of the Company deem fit on payment of the additional fees respecting such greater amount and the issuance by the Provincial Secretary or a certificate of payment thereof.

2. The said Class A preference shares shall have attached thereto the following:

Upon and subject to the terms and conditions hereinafter set forth each Class A preference share shall be convertible at the option of the registered holder thereof into 25 fully paid and non-assessable common shares of the Company. If the number of outstanding common shares of the Company shall at any time be increased or decreased as a result of any consolidation or subdivision of the common shares or as a result of any stock dividend on the common shares the number of common shares into which Class A preference shares shall be convertible shall be increased or decreased proportionately. A holder of Class A preference shares desiring to convert his Class A preference shares into common shares inaccordance with the foregoing shall surrender the certificate or certificates representing his Class A preference shares so to be converted to the Company at its head office, or to the transfer agent, if any, for the time being of the Class A preference shares together with a written request for such conversion in such form and with such verification of signature as the Directors of the Company may from time to time require. The conversion shall be deemed to take effect as of the date upon which the said certificate or certificates shall be surrendered to the Company at its head office or to the transfer agent, as the case may be, accompanied by the said written request, unless such date be a Saturday, Sunday, or holiday in which event it shall take effect on the next business day. In the event that part only of the Class A preference shares represented by any certificate shall be converted a certificate for the remainder of the Class A preference shares represented by the said certificate shall be delivered without charge. There shall be no adjustment on account of any dividends on the common shares resulting from such conversion. Provided that notwithstanding anything hereinbefore set forth only one Class A share shall be convertible as aforesaid for each $100.00 by which the consolidated net earnings of the Company and its subsidiaries, before payment of corporate income taxes or employee or executive bonuses as shown in its audited financial statement for the year ended 31st March 1968 exceeds $900,000.00 for the year ended 31st March 1969 exceeds $1,100,000.00, for the year ended 31st March 1970 exceeds $1,300,000.00, for the year ended 31st March 1971 exceeds $1,500,000.00, for the year ended 31st March 1972 exceeds $1,700,000.00, or for any year ended 31st March thereafter while the said conversion privilege continues exceeds $1,900,000.00; and provided further that the Class A shares shall be convertible as aforesaid only during the period from and including 30th June to and including 31st December in any year during the conversion period; and provided further that not more than 2,000 Class A shares may be so converted in any one calendar year. Prior to 15th June in each year while the said conversion privilege continues the Directors of the Company shall determine either on a pro rata basis or by lot how many of the Class A shares held by each holder of Class A shares have become convertible in accordance with the foregoing provisions and shall give to each holder of Class A shares which have become so convertible notice of the number of his shares which have become so convertible.

Provided that, notwithstanding anything to the contrary hereinbefore contained, in the event of a winding up or other dissolution of the Company, the aforesaid provisoes limiting the period in each year during which Class A shares shall be convertible and limiting to 2,000 the number of Class A shares which may be converted in any one calendar year shall not apply and all Class A shares which would otherwise under the foregoing provisions be convertible shall become immediately convertible into common shares.

If at any time any common shares in the capital stock of the Company (as presently constituted) are issued for a consideration, whether in cash or in property, of less than $7.50 per share (other than common shares issued on the exercise of any presently existing outstanding share purchase warrants, on the exercise of any presently existing option for for the purchase of common shares of the Company, on the conversion of presently outstanding 7% Convertible Sinking Fund Debentures Series B of the Company or as consideration in whole or in part on the purchase by the Company of the outstanding shares of Swiss Chalet Bar-B-Q Inc.) the number of common shares into which each Class A share shall thereafter be convertible shall thereupon be adjusted to a number standing in the same proportion to 25 as $7.50 stands to the consideration in dollars per share at which such common shares are issued.

The holders of the said Class A preference shares shall not, as such, have any voting rights for the election of directors or for any other purpose nor shall they be entitled to attend shareholders' meetings; holders of Class A preference shares shall, however, be entitled to notice of meetings of the shareholders called for the purpose of authorizing the dissolution of the Company or the sale of its undertaking or a substantial part thereof.

The Class A preference shares shall be entitled in preference to the common shares of the Company and any other shares ranking junior to the Class A preference shares with respect to priority in payment of assets and in the distribution of assets in the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs. The holders of Class A preference shares shall not be entitled to payment of any dividends.

The authorization required by subsection (4) of section 33 of the Corporations Act to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the Class A preference shares as a class or to create preference shares ranking in priority to or on a parity with the Class A preference shares may be given by at least three-quarters of the votes cast at a meeting of the holders of the Class A preference shares duly called for that purpose and held upon at least fifteen (15) days' notice; the formalties to be observed in respect of the giving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed by the by-laws of the Company with respect to meetings of shareholders; provided, however that for any such meeting a quorum shall be the holder or holders of not less than three-quarters of the issued and outstanding Class A preference shares; and provided further that if within twenty minutes following the time for which any such meeting has been called there is not present such quorum in person or by proxy such meeting shall be adjourned to a date and time not earlier than thirty days following the date for which such meeting was called, not less than twenty days notice of the time and place of such adjourned meeting shall be given to all holders of Class A preference shares and at such adjourned meeting no minium number of shareholders shall be required to constitute a quorum. At any such meeting each holder of Class A shares shall be entitled to one vote for each Class A share held by him.

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3. The said 50,000 First preference shares with a par value of $50.00 each (which class is hereinafter referred to as "the preference shares") shall as a class have attached thereto the following:

(a) The preference shares may at any time and from time to time be issued in one or more series, each series to consist of such number of shares as may before the issue thereof be determined by the Directors; the Directors of the Company may (subject as hereinafter provided) by Resolution fix from time to time before the issue thereof the designation, preferences, rights, conditions, restrictions, limitations or prohibitions attaching to the preference shares of each series including without limiting the generality of the foregoing, the rate of preferential dividends, the dates of payment thereof, the redemption price and terms and conditions of redemption, conversion rights (if any) and any sinking fund or other provisions, the whole subject to the issue of Supplementary Letters Patent setting forth the designation, preferences, rights, conditions, restrictions, limitations or prohibitions attaching to the preference shares of such series;

(b) The preference shares of each series shall be entitled to preference over the Class A shares and the common shares of the Company and any other shares ranking junior to the preference shares with respect to priority in payment of assets and in the distribution of assets in the event of the liquidation, dissolution or winding up of the Company whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs and may also be given such other preferences over the Class A shares and the common shares of the Company and any other shares ranking junior to the preference shares as may be determined as to the respective series authorized to be issued;

(c) The preference shares of each series shall rank on a parity with the preference shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs;

(d) No dividends shall at any time be declared or paid on or set apart for payment on any shares of the Company ranking junior to the preference shares unless all dividends up to and including the dividend payable for the last completed quarter on each series of the preference shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such shares of the Company ranking junior to the preference shares nor shall the Company call for redemption or purchase for cancellation or reduce or otherwise pay off less than all of the preference shares then outstanding or any shares of the Company ranking junior to the preference shares unless all dividends up to and including the dividend payable for the last completed quarter on each series of the preference shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, reduction or other payment off;

(e) The holders of the preference shares shall not be entitled as such (except as hereinafter specifically provided) to receive notice of or to attend any meeting of the shareholders of the Company or to vote at any such meeting of the shareholders of the Company or to vote at any such meeting (but shall be entitled to receive notice of meetings of shareholders of the Company called for the purpose of authorizing the dissolution of the Company or the sale of its undertaking or a substantial part thereof) unless and until the Company from time to time shall fail to pay in the aggregate eight (8) quarterly dividends on the preference shares of any one (1) series on the dates on which the same should be paid according to the terms thereof and unless and until eight (8) quarterly dividends on such shares shall remain outstanding and be unpaid whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Company properly applicable to the payment of dividends; thereafter

but only so long as any dividends on the preference shares of any series remain in arrears the holders of the preference shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Company and shall be entitled to one (1) vote in respect of each preference share held;

(f) The authorization required by subsection (4) of section 33 of the Corporations Act to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the preference shares as a class or to create preference shares ranking in priority to or on a parity with the preference shares may be given by at least two-thirds of the votes cast at a meeting of the holders of the preference shares duly called for that purpose and held upon at least fifteen (15) days' notice; the formalties to be observed in respect of the giving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed by the by-laws of the Company with respect to meetings of shareholders.

Series A Preference Shares

The first series of the said class of preference shares shall consist of 10,000 shares with a par value of $50.00 each designated 5½% Cumulative Redeemable Preference Shares, Series A (hereinafter called Series A Preference Shares) and, in addition to the preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the preference shares as a class shall have attached thereto the following:

(1) The holders of the Series A Preference Shares shall be entitled to receive and the Company shall pay thereon as and when declared by the board of directors out of the moneys of the Company properly applicable to the payment of dividends fixed cumulative preferential cash dividends at the rate of 5½% per annum payable quarterly on the first days of January, April, July and October in each year on the amounts from time to time paid up thereon; such dividends shall accrue from such date or dates not later than six (6) months after the respective dates of issue as may in the case of each issue be determined by the board of directors of the Company or in case no date be so determined then from the date of allotment; cheques of the Company payable at par at any branch of the Company's bankers for thetime being in Canada (far northern branches excepted) shall be issued in respect of such dividends; if on any dividend payment date the dividend payable on such date is not paid in full on all of the Series A Preference Shares then issued and outstanding, such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the board of directors of the Company on which the Company shall have sufficient moneys properly applicable to the payment of the same; the holders of the Series A Preference Shares shall not be entitled to any dividends other than or in excess of the cash dividends hereinbefore provided for;

(2) In the event of the liquidation, dissolution, or winding up of the Company or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs the holders of the Series A Preference Shares shall be entitled to receive the amount paid up on such shares, together with all accrued and unapid preferential dividends (which for such purpose shall be calculated as if such dividends were accruing for the period from the expiration of the last quarterly period for which dividends have been paid up to the date of distribution), before any amount shall be paid or any property or assets of the Company distributed to the holders of any Second Preference Shares or Common Shares or shares of any other class ranking junior to the Series A Preference Shares; after payment to the holders of the Series A Preference Shares of the amount so payable to them they shall not be entitled to share in any further distribution of the property or assets of the Company;

(3) Subject to the provisions of clause (d) of the provisions attaching to the First Preference Shares as a class, the Company may at any time or times purchase (if obtainable) for cancellation all or any part of the Series A Preference Shares outstanding from time to time in the market (including purchase through or from an investment dealer or firm holding membership on a recognized stock exchange) or by invitation for tenders addressed to all the holders of record of the Series A Preference Shares outstanding at the lowest price or prices at which, in the option of the directors, such shares are obtainable but not exceeding the price at which, at the date of purchase, such shares are redeemable as provided in clause (4) hereof, plus costs of purchase; if upon any invitiation for tenders under the provisions of this clause the Company shall receive tenders at the lowest price which the Company may be willing to pay for more Series A Preference Shares than the Company is prepared to accept, the Series A Preference Shares so tendered shall be purchased as nearly as may be pro rata (disregarding fractions) according to the number of Series A Preference Shares so tendered by each holder thereof;

(4) Subject to the provisions of clause (d) of the provisions attaching to the First Preference Shares as a class, the Company may upon giving notice as hereinafter provided redeem at any time the whole or from time to time any part of the then outstanding Series A Preference Shares on payment for each share to be redeemed of the amount paid up on such share, together with all accrued and unpaid preferential dividends (which for such purpose shall be calculated as if the dividends on the Series A Preference Shares were accruing for the period from the expiration of the last quarterly period for which dividends have been paid up to the date of such redemption) and together with a premium equal to 5% of the amount paid up on such share if such redemption takes place on or before the 1st day of January 1972, 4% of the amount paid up thereon if such redemption takes place thereafter and on or before the 1st day of January 1973, 3% of the amount paid up thereon if such redemption takes place thereafter and on or before the 1st day of January 1974, 2% of the amount paid up thereon if such redemption takes place thereafter and on or before the 1st day of January 1975, 1% of the amount paid up thereon if such redemption takes place thereafter and on or before the 1st day of January 1976, and thereafter at no premium;

(5) In any case of redemption of Series A Preference Shares under the provisions of clause (4) hereof, the Company shall at least thirty (30) days before the date specified for redemption mail to each person who at the date of mailing is a registered holder of Series A Preference Shares to be redeemed a notice in writing of the intention of the Company to redeem such Series A Preference Shares; such notice shall be mailed in a prepaid letter addressed to each such shareholder at his address as it appears on the books of the Company or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder; provided, however, that accidental failure or omission to give any such notice to one (1) or more of such holders shall not affect the validity of such redemption; such notice shall set out the redemption price and the date on which redemption is to take place and if part only of the Series A Preference Shares held by the person to whom it is addressed is to be redeemed the number thereof so to be redeemed; on or after the date so specified for redemption the Company shall pay or cause to be paid to or to the order of the registered holders of the Series A Preference Shares to be redeemed the redemption price on presentation and surrender at the head office of the Company or any other place disignated in such notice of the certificates representing the Series A Preference Shares so called for redemption; such payment shall be made by cheques payable at apr at any branch of the Company's bankers for the time being in Canada (far northern branches excepted); if a part only of the Series A Preference Shares represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Company; from and after the date specified for redemption in any such notice, the Series A Preference Shares

called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the redemption price shall not be made upon presentation or certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected; the Company shall have the right at any time after the mailing of notice of its intention to redeem any Series A Preference Shares as aforesiad to deposit the redemption price of the Series A Preference Shares so called for redemption or of such of the said shares represented by certificates as have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption to a special account in any chartered bank or any trust company in Canada named in such notice to be paid without interest to or to the order of the respective holders of such Series A Preference Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Series A Preference Shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total redemption price so deposited against presentation and surrender of the said certificates held by them respectively; any interest allowed on any such deposit shall belong to the Company;

(6) On or before the last days of April and October in each year commencing with the year 1972 the Company shall set aside out of the net profits after income taxes and all other changes of the preceding fiscal year as a sinking fund for the redemption of Series A Preference Shares the sum of $50,000 or if such net profits be less than $100,000.00 then an amount equal to half of such net profits; the Company shall with reasonable despatch use and apply the monies from time to time in the sinking fund either in the purchase of Series A Preference Shares as provided in clause (3) hereof or in the redemption of preference shares by call as provided in clauses (4) and (5) hereof; provided however that in the case of such redemption no premium shall be payable; provided further that the Company shall not be required to use sinking fund monies for the redemption by call of preference shares unless the total amount of monies then in the sinking fund is at least $10,000.00; the Company may at any time anticipate the whole or any part of its sinking fund obligations by purchasing or redeeming preference shares as herein provided and charging the cost of such preference shares in reduction of the amounts of any sinking fund obligations thereafter becoming due; pending the application of sinking fund moneys as herein provided, the same may be used in the business of the Company and need not be kept separate from the other moneys of the Company.

4. The Directors and officers of the Company be and are hereby authorized to do and execute all such things, deeds and documents necessary or desirable for the due carrying out of the foregoing.

HARVEY'S FOODS LIMITED

RESOLVED as a special resolution of the Company that:

1. The number of directors of the Company is hereby increased from seven to nine so that the board of directors of the Company shall hereafter be composed of nine directors.

2. Four directors shall constitute a quorum at any meeting of the board of directors.

3. All prior by-laws, resolutions and proceedings of the Company inconsistent herewith are hereby amended, modified and revised in order to give effect to this special resolution.

DRAFT RESOLUTION CONFIRMING RESOLUTION OF DIRECTORS RE PURCHASE OF ASSETS OF SWISS CHALET BAR-B-Q LIMITED AND SHARES OF CHALET FARMS LIMITED

RESOLVED THAT the Resolution passed by the Directors of the Company on the 9th day of May, 1967 authorizing the Company to enter into a agreement with Swiss Chalet Bar-B-Q Limited and R. C. W. Mauran to provide for the purchase by the Company from Swiss Chalet Bar-B-Q Limited of the assets of Swiss Chalet Bar-B-Q Limited and the purchase from R. C. W. Mauran of all of the issued and outstanding shares of the capital stock of Chalet Farms Limited for the consideration and upon the terms set forth in a draft indenture dated as of the 9th day of May, 1967, information as to which consideration and terms has been provided in the information circular sent to the shareholders of the Company with the notice of this meeting, be and the same is hereby approved, ratified and confirmed

AND THAT the proper officers of the Company be and are hereby authorized and directed to do all such things and execute all such documents as may in the opinion of the Company's solicitors be required or advisable for the purpose of carrying out the said transaction.